

# **London Plan Review**

## **Report of Expert Advisers**

**Commissioned by the Secretary of State for Levelling  
Up, Housing and Communities**

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Supported by



## Executive Summary

- 1 This report considers whether there are specific changes that could be made to policies in the London Plan to facilitate the increased delivery of new homes on brownfield sites in the capital. It has been prepared by Christopher Katkowski KC, Cllr. James Jamieson, Dr. Paul Monaghan and Dr. Wei Yang, following our appointment by the Secretary of State for Levelling Up, Housing and Communities as a group of expert advisers to report to him our independent and impartial views on this subject. Our Terms of Reference for this review are contained in Appendix 1.
  - 2 No one disputes that London is experiencing a significant housing crisis. Over the long term, the supply of new homes has not kept pace with increases in jobs, population and housing demand. The current London Plan sets a capacity-based ten-year target of 52,300 homes each year from 2019/20 to 2028/29, within a context of its assessment of need of around 66,000 homes per annum.
  - 3 Four years into that ten-year period, when measured against the cumulative target, there has been an undersupply of more than 60,000 homes, more than a year of equivalent supply. To make good this backlog, the rate of delivery forthwith would need to increase to more than 62,300 homes a year.
  - 4 Housing Delivery Test results show that only six Local Planning Authorities (“LPAs”) met their target up to 2021/22 and more recent Greater London Authority (“GLA”) data to 2022/23 suggests only four are now in credit. Although there has been some increase in affordable housing starts, this has been accompanied by a downward trend in housebuilding which, if it continues, would result in a shortfall of more than 150,000 homes – equivalent to 29% of the total target – by 2028/29.
  - 5 Few expect the situation to improve. There has been a reduction in the number of residential units being approved, with GLA data showing a reduction from over 89,000 in 2018/19 to 68,000 in 2021/22 and now down to 40,200 in 2022/23. A shrinking flow of planning permissions will reduce the overall pipeline that can be built-out in future years.
  - 6 The consequences of housing under-delivery have significant economic, societal and personal impacts, not least on those who face no alternative option but homelessness (living in temporary accommodation), or who are forced into poor-quality rental accommodation.
  - 7 Public and private sector stakeholders are clear in their view that the London Plan is not the sole source of the problem: wider macro-economic conditions; fire safety; infrastructure constraints; statutory consultees; viability difficulties; and planning resourcing pressures have all contributed.
  - 8 However, there is persuasive evidence that the combined effect of the multiplicity of policies in the London Plan now works to frustrate rather than facilitate the delivery of new homes, not least in creating very real challenges to the viability of schemes. We heard that policy goals in the Plan are being incorrectly applied mechanistically as absolute requirements: as ‘musts’ rather than ‘shoulds’. There is so much to navigate and negotiate that wending one’s way through the application process is expensive and time-consuming, particularly for SMEs who deliver the majority of London’s homes.
  - 9 This position is exacerbated by the change in context since the London Plan was formulated. The London Plan’s ‘Good Growth’ policies were advanced on the basis of public and private sector investment assumptions that were described in 2019 as being “*ambitious but realistic*” by the London Plan Inspectors. But planning and housing delivery indicators suggest this strategy has not been sufficiently resilient to the subsequent change in circumstances. Housing schemes (and decision makers on applications) have struggled to reconcile the multiple policy exhortations, which create uncertainty and delay in the preparation, submission and determination of planning applications.
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- 10 What is missing from the London Plan is a policy mechanism to assist applicants and decision-makers in navigating a path that aligns with the intended goal of boosting housing supply to the level outlined in the London Plan strategy.
- 11 Time is of the essence to address the backlog, which grows every year that housing under-delivery continues. To move the dial on housing delivery within the ten-year target period, new viable permissions are needed urgently and by no later than 2026/27. In undertaking this review, and in this context, the authors considered three main options:
  - a Leave things as they are and await the next review of the London Plan. This would enable a comprehensive approach to be taken, but the disbenefit is the length of time this would take to complete, and the likelihood that meanwhile London will continue to fall short in housing delivery.
  - b Suggest specific alterations to the individual policy requirements which are most often cited by commentators as inhibiting the timely delivery of new homes on brownfield sites. The authors of this report do not consider it would be wise to do this, not least because of the complex and inter-linking and over-lapping nature of many of the issues.
  - c **The recommended option** is to introduce an overarching policy which would bring together all the relevant issues in any given case of an application for residential development on a brownfield site and provide a lens through which to focus on how to resolve what will often be a myriad of competing considerations pulling in all sorts of different directions. This would apply in LPA areas where there has been a cumulative under-supply against the Plan's ten-year targets.
- 12 The authors of this report consider that the addition to the London Plan of a strong presumption in favour of residential development on brownfield sites (using the wording below) would be an effective and worthwhile way of making it much more likely that the Plan will facilitate the delivery of the number of new homes which London has the capacity to provide. An alternative (or meanwhile) course would be issuing a written ministerial statement and/or an addition to the Planning Practice Guidance which sets out a presumption along similar lines.

## The Presumption

For qualifying local planning authorities, there is a strong presumption in favour of granting planning permission for proposals which comprise or include residential development on Brownfield (Previously developed) land.

Qualifying local planning authorities are those where the net housing completions since 2019/20 have fallen below the cumulative annualised total of their Table 4.1 ten-year target.

The presumption does not apply to sites which are in the Green Belt or Metropolitan Open Land or a Strategic Industrial Location.

In the case of proposals which would cause harm to the significance of a designated heritage asset, the presumption only applies where any such harm is clearly outweighed by the public benefits of the proposals.

Where it applies, the presumption means granting planning permission as quickly as possible unless the benefits of doing so would be significantly and demonstrably outweighed by any adverse impacts which would arise from not according with policies in this plan.

In applying the presumption substantial weight is to be given to the benefits of delivering homes.

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## 1.0 Introduction

1.1 This report considers whether there are specific changes that could be made to policies in the London Plan (the “Plan”) to facilitate the increased delivery of new homes on brownfield sites in London in an appropriate manner. It is the work of Christopher Katkowski KC, Cllr. James Jamieson, Dr. Paul Monaghan and Dr. Wei Yang (the “authors”), who were appointed as a group of expert advisers by the Secretary of State for Levelling Up, Housing and Communities (the “Secretary of State”) to report to him with our independent and impartial views on the subject and make recommendations accordingly.

1.2 Our appointment was announced by the Secretary of State on 19<sup>th</sup> December 2023, the Greater London Authority having been advised of it on 18<sup>th</sup> December. Our **Terms of Reference** are attached at Appendix 1.

1.3 We have been supported in our work by officials within the Secretary of State’s department (DLUHC) and by Lichfields, a planning consultancy.

## Background

1.4 The Secretary of State explains in the Terms of Reference that in July 2023, as part of a long-term plan for housing, the Prime Minister and the Secretary of State committed to a new era of regeneration, inner-city densification and housing delivery across England, with work on transformational plans to initially begin in Cambridge, London and Leeds. As part of the work in London, the Secretary of State and his officials have considered the London Plan and potential barriers to urban brownfield regeneration; this internal review involved engagement with stakeholders including the Greater London Authority (“GLA”), London boroughs, and developers to seek to understand the key barriers to unlocking housing delivery in London, which has fallen considerably short of the targets set out in the London Plan.

1.5 We understand that in the course of these discussions, a number of issues were raised which were perceived to be adversely affecting housing delivery in London, including concerns about the combined effect of policies in the London Plan.

1.6 In view of these concerns, the Secretary of State decided to appoint us to advise him in a short report specifically in relation to how the London Plan could better facilitate the delivery of new homes on brownfield sites.

1.7 Our Terms of Reference explain that the Secretary of State will share the conclusions of our review with the Mayor of London in advance of publication of our report.

## Statutory Context

1.8 In relation to a London Plan that has already been adopted there are two main statutory powers.

1.9 Under Section 340(2) of the Greater London Authority Act 1999 the Secretary of State has the power to direct the Mayor of London to review the London Plan or such part of it as may be specified in the direction.

- 1.10 Under Section 341(2) of the 1999 Act the Secretary of State has the power to direct the Mayor to prepare and publish such alterations to the London Plan as the Secretary of State directs, or a new London Plan.
- 1.11 In more colloquial terms, the Secretary of State's powers might be seen as ranging from the ability to direct very specific alterations, to wholesale replacement.
- 1.12 As will be seen, the outcome of our work is that we conclude that there is a very specific alteration which could be made to the London Plan which would facilitate the increased delivery of new homes on brownfield sites in London in an appropriate manner. It is for the Secretary of State to consider whether and, if so, how to give effect to our recommendations.

## **Methodology**

- 1.13 We have met on several occasions (in person and virtually) to discuss our emerging and evolving thoughts on our work.
- 1.14 We have been able to draw on a body of material assembled by DLUHC officials in their work between July and November 2023, which is summarised in section 3.0. This includes evidence supplied to DLUHC by the Mayor's London Housing Delivery Task Force.
- 1.15 Members of our group, together with officials, have engaged with a cross-section of representative bodies, namely the GLA, and stakeholders from London Boroughs, the development industry and housing sector.
- 1.16 We have considered Lichfields' analysis of a range of planning and housing evidence and datasets, the key aspects of which are highlighted in sections 2.0 and 3.0.

## **Structure of Report**

- 1.17 Our report is structured as follows:
- 2.0 London's Housing Challenge: this section explains the context for the Review, outlining the scale of housing under-delivery in London and its consequences;
  - 3.0 The London Plan's Impact on Housing Supply: this section looks at the evidence on factors in the London Plan that may be contributing to housing under-supply;
  - 4.0 Conclusions and Recommendations: drawing on a summary of its findings, and in view of the time imperative to achieve a step change in housing delivery, we recommend that the London Plan should include a presumption in favour of residential development on previously developed (brownfield) land. We explain the basis for our recommendation.

## 2.0 London's Housing Challenge

2.1 In this section of our report we provide a summary review of the evidence on London's housing need, how the housing targets in the London Plan were set, and what progress is being made to deliver them.

### Housing Need

2.2 It is widely recognised that London is experiencing a significant housing crisis. Over the long term, the supply of housing has not kept pace with increases in jobs, population and housing demand<sup>1</sup>. This has had adverse consequences across economic, social and personal dimensions, that we explore later in this section.

2.3 At the time of preparation of the London Plan, the Mayor relied upon the Strategic Housing Market Assessment ("SHMA") prepared in 2017<sup>2</sup>. It found that:

*"For many decades housebuilding in London has failed to either keep up with rising demand or provide enough affordable homes for households in need. A lack of new supply has also left London with a dwelling stock that often fails to meet modern standards of accessibility or energy efficiency."*

2.4 The Mayor's SHMA assessment – based on a demographic projection assuming growth of around 55,500 households a year plus adjustments for backlog need – was that the net housing need in London was around 66,000<sup>3</sup> homes a year. Alternative scenarios in the SHMA produced estimates of between around 60,000 and 69,500 additional homes per annum. The figure of 66,000 assumes that the backlog of 209,000 households in need of additional homes is met over 25 years, so even delivering 66,000 per annum in the ten-year target period of the London Plan would not meet full need.

2.5 The Mayor's estimate of housing need in London has been increasing, with previous London SHMAs showing lower figures: in 2013, the annual housing need was estimated at just under 49,000 homes, and in 2009 it was 32,500, both figures that determined the housing targets of the two preceding iterations of the London Plans<sup>4</sup>.

2.6 In 2018, the Government revised the NPPF and Planning Practice Guidance ("PPG") and introduced the Standard Method for Local Housing Need ("LHN") to determine the minimum number of homes needed. It uses a methodology whereby the need is based on a figure derived from the 2014-based household projections for each local planning authority area ("LPA") with an uplift applied based on an affordability ratio in each area<sup>5</sup>. In December 2020, the Government updated this methodology to introduce the urban centres uplift, in which – for London – the combined total figure from the Standard Method for each London

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<sup>1</sup> GLA, Review of GLA Group housing delivery, prepared by Lord Kerslake, February 2022:

[https://www.london.gov.uk/sites/default/files/kerslake\\_review\\_of\\_gla\\_group\\_housing\\_delivery.pdf](https://www.london.gov.uk/sites/default/files/kerslake_review_of_gla_group_housing_delivery.pdf)

<sup>2</sup> GLA, The 2017 London Strategic Housing Market Assessment: Part of the London Plan evidence base:

[https://www.london.gov.uk/sites/default/files/london\\_shma\\_2017.pdf](https://www.london.gov.uk/sites/default/files/london_shma_2017.pdf)

<sup>3</sup> The London Plan (2021) refers to 66,000 new homes each year; the SHMA 2017 calculates a net annualised requirement of 65,878 homes.

<sup>4</sup> The 2011 London Plan and the 2015 Further Alterations to the London Plan (FALP).

<sup>5</sup> The PPG on LHN is available at <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

borough was inflated by 35%. Based on this methodology, the LHN for London is currently around 98,822 homes per annum, of which 73,202 is before application of the 35% uplift<sup>6</sup>.

## The London Plan Housing Targets

2.7 Policy H1 of the current London Plan sets ten-year housing targets for individual boroughs for the period 2019/20 to 2028/29, in total amounting to 522,870 (around 52,300 annually). These targets are less than the 66,000 homes needed annually in that period (based on the SHMA), but were set based on constrained capacity drawing on evidence in the 2017 London Strategic Housing Land Availability Assessment<sup>7</sup> ('SHLAA') prepared by the GLA. The SHLAA had originally identified capacity of 649,350 for the ten-year period, only slightly less than the SHMA's housing need. Of this, around 400,500 was on 'large sites' (more than 0.25 hectares) with 245,750 on 'small sites' via changes of use, conversions and new build developments.

2.8 The SHLAA advised that increasing housing delivery was reliant on, *inter alia*, more proactive planning by LPAs in identifying and allocating a range of suitable large and small sites for housing. This points to the role of Local Plans as a vehicle for implementing the London Plan.

2.9 The London Plan was examined by a Panel of Inspectors ("the Inspectors") at the Examination in Public in 2019. The Mayor's evidence to the Examination<sup>8</sup> endorsed the SHLAA as a "*comprehensive and robust*" assessment of development capacity, but did identify (para 19.45) that it did not include all potential housing capacity:

*"A further potential source of additional housing capacity not captured in the SHLAA includes industrial and other commercial land that could become available for residential development through a plan-led approach. This could include intensification of some industrial land to free-up other industrial land for residential development. Some of this capacity could be unlocked within the 10-year housing delivery target period through a proactive approach to planning where there is strong growth pressure".*

2.10 The Inspectors concluded the SHLAA's conclusions were broadly accepted in terms of "*the extent of deliverable large site capacity*"<sup>9</sup>. However, the SHLAA's small sites estimate was challenged and the Inspectors concluded (PR170) that "*it does not provide a reliable input to the overall targets*" and it was reduced to 119,250 over ten years. This reduced the overall housing target to what is now in the London Plan. The Inspectors concluded (PR178) that:

*"It is therefore right to say that boroughs should use all the tools at their disposal to ensure homes are actually built. But we consider that as recommended, and with the support of the Mayor, it should be deliverable and that both the overall target and those for the individual boroughs and corporations are justified."*

<sup>6</sup> Uncapped LHN (which is actual housing need according to the PPG, based on how it refers to the cap) is 89,563 (excluding the cities and urban centres uplift).

<sup>7</sup> The London SHLAA can be accessed at [london.gov.uk/sites/default/files/2017\\_london\\_strategic\\_housing\\_land\\_availability\\_assessment.pdf](https://www.london.gov.uk/sites/default/files/2017_london_strategic_housing_land_availability_assessment.pdf)

<sup>8</sup> Mayor of London Matters Statement M19 Housing supply and target available at [https://www.london.gov.uk/sites/default/files/mayor\\_of\\_london\\_-\\_m19\\_housing\\_supply\\_and\\_targets.pdf](https://www.london.gov.uk/sites/default/files/mayor_of_london_-_m19_housing_supply_and_targets.pdf)

<sup>9</sup> The London Plan Panel Report 2019 is available at [https://www.london.gov.uk/sites/default/files/inspectors\\_report\\_and\\_recommendations\\_2019\\_final.pdf](https://www.london.gov.uk/sites/default/files/inspectors_report_and_recommendations_2019_final.pdf).

- 2.11 However, the Inspectors did recognise that the Plan’s housing targets – in combination with its ‘Good Growth’ vision and objectives – were based on “*aspirational but realistic assumptions about funding*”, to address a funding gap that was estimated to be around £3.1 billion and would necessitate greater contributions from both public and private sectors compared to the past, both to deliver infrastructure and to match the Plan’s ‘Good Growth’ design quality policy requirements (PR72-73).
- 2.12 The Plan has a monitoring policy (M1) that states the Plan’s implementation will be kept under review using Key Performance Indicators (“KPIs”) in Annual Monitoring Reports (“AMRs”). The first KPI (Table 12.1 of the Plan) is “*Supply of new homes*” measured by “*Increase in the supply of new homes over the period (monitored against housing completions and the net pipeline of approved homes), towards meeting the 66,000 net additional homes needed each year up to March 2029.*” The Mayor’s most recent AMR (AMR17) was produced in November 2022 but covers the period to 2019/20. Its KPI for new homes (KPI4) relates to the target in the previous London Plan (FALP). We discuss issues related to the lack of up-to-date monitoring data later in our report.
- 2.13 The London Plan was formally adopted (“published”) on 29<sup>th</sup> January 2021 following directions by the SoS<sup>10</sup> to make changes to the Plan. Ahead of formal adoption it was not part of the statutory development plan, but was a material consideration in planning decisions. The significance given to the draft Plan in these cases is a matter for the decision maker, but a draft Plan gains more weight as it moves through the process to adoption. Ahead of adoption, it is reasonable to conclude that policies contained in the Intend to Publish (“ItP”) London Plan issued in December 2019 that were not subject to a direction by the Secretary of State would have been influencing decisions about planning applications (including decisions of applicants on whether or not to advance development proposals) well before the plan was formally adopted in 2021.

## **Housing Delivery**

- 2.14 We turn now to considering what has happened in terms of housing delivery in the capital, with a particular focus on the London Plan period beginning 2019/20.

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<sup>10</sup> Directions were issued in correspondence dated 13<sup>th</sup> March and 10<sup>th</sup> December 2020 available at <https://www.london.gov.uk/programmes-strategies/planning/london-plan/new-london-plan/london-plan-2021>

**Note:** for the purpose of monitoring net additional dwellings in London there are multiple and, in some cases, contradicting data sources. These include: the GLA AMR report<sup>A</sup>, the Planning London Datahub Completions dashboard<sup>B</sup>, the London Plan AMR tables (which include two sets of figures)<sup>C</sup>, 2022 Housing Delivery Test (HDT) results<sup>D</sup>, and DLUHC Live Table 122 (net additional dwellings)<sup>E</sup>.

We have reviewed all of these in attempting to assemble a picture of housing delivery, and at Appendix 2 we summarise the housing completions figures arising from the GLA Datahub, the DLUHC Live Table 122 and those produced for the HDT, noting some inconsistencies within and between datasets. Where benchmarking London with other locations in the country we use the DLUHC Live Table 122 which are official statistics and have been adjusted to reflect the 2021 Census. For looking at performance of individual London Local Planning Authorities (“LPAs”) against the London Plan Housing Targets we use the GLA Datahub figures, as accessed on 12 January 2024, although this dataset appears to have been updated during the course of our work and its figures are described by the GLA as “provisional”. The DLUHC Live Table 122 figures do not separate out for the two Development Corporation LPAs so cannot be used to assess delivery against the LPA ten-year targets in London Plan Table 4.1.

Albeit that the evidence of housing under-delivery in London as a whole is overwhelmingly clear, based on any of the relevant datasets, the absence of a definitive up-to-date London AMR – prepared under the terms of Policy M1 and with data on housing delivery that is not provisional – is currently a barrier to securing a shared and consistent measure of performance of the London Plan, particularly at the LPA level.

- A. <https://www.london.gov.uk/media/98696/download?attachment>
- B. <https://data.london.gov.uk/dataset/residential-completions-dashboard>
- C. <https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/monitoring-london-plan/london-plan-amr-tables?ac-62378=62355>
- D. <https://www.gov.uk/government/publications/housing-delivery-test-2022-measurement>
- E. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing>

## House building

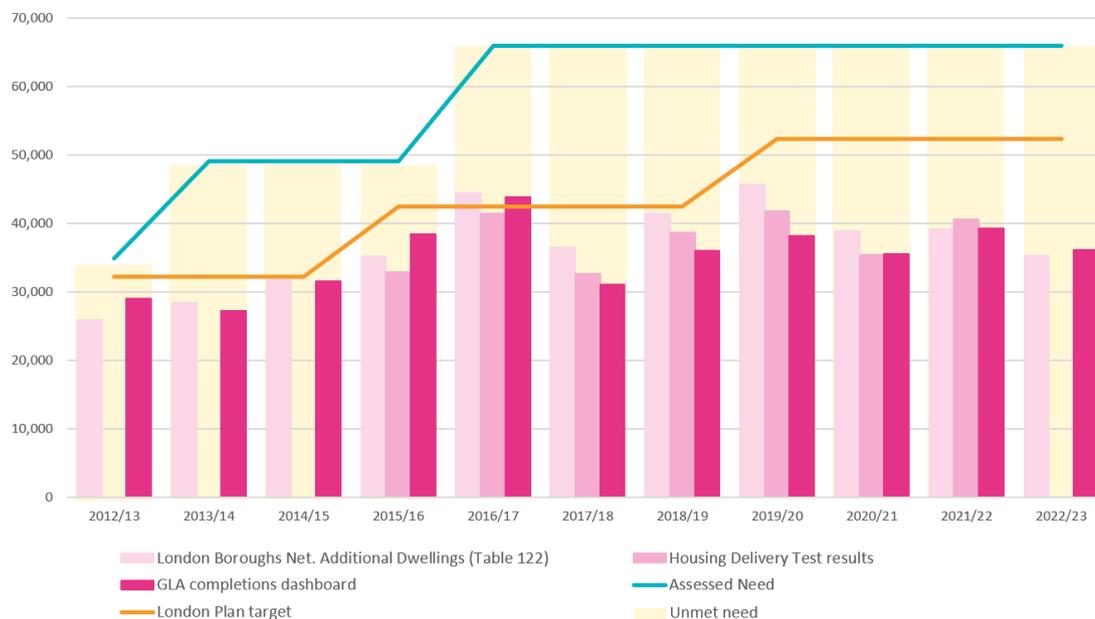
2.15

Housing delivery in London<sup>11</sup> has not met the London Plan target (from either the FALP or the 2021 London Plan, let alone the SHMA’s assessed housing need (see Figure 2.1)). Between 2019 and 2023, when measured against the cumulative target using the GLA’s completion figures, there has been an undersupply of more than 60,000 homes<sup>12</sup>, against a cumulative target of 209,150 homes. Only four years into the plan period, this already equates to more than a year of equivalent supply against the London Plan target. Against the SHMA assessed housing need, there has been an undersupply of 114,000 homes.

<sup>11</sup> Based on any of our three key measures, but including the GLA residential completions dashboard, available at <https://data.london.gov.uk/dataset/residential-completions-dashboard>, which is based on provisional information.

<sup>12</sup> Measured using the GLA completions dashboard (excluding adjustment for vacancies), accessed on 12 January 2024.

Figure 2.1 Comparison of different measures of London housing delivery against the SHMA assessed need and successive London Plan targets.



Source: GLA completions dashboard (accessed 12 January 24), HDT, and DLUHC Table 122. Lichfields analysis. The GLA dashboard figures include the GLA’s adjustment for vacancy up to 2018/19 but we have excluded this for the two years 2019/20-2020/21 to be consistent with the figures for 2021/22 and 2022/23 and thus across the current London Plan period.

- 2.16 To address both the undersupply since 2019 and the future need to 2029, from 2023 through to 2029 a total of more than 62,300<sup>13</sup> homes per annum will need to be delivered to meet the London Plan ten-year targets<sup>14</sup>.
- 2.17 If the average net housing delivery of the period from 2019/20 to 2022/23 (37,200 per annum<sup>15</sup>) is projected forward to 2028/29 and combined with the shortfall in the elapsed period, there would be a shortfall of more than 150,000 homes – the equivalent of 29% of the total target. If this analysis is compared to the assessed need in London (66,000 homes per annum), this would be a projected shortfall of 286,000 homes, or 43% of the assessed need.
- 2.18 Figure 2.2 overleaf uses the GLA’s Planning London Datahub figures to explore the scale of undersupply for the first four years of the ten-year target period for each LPA (including the two development corporations), based on the cumulative number of net completions. Only four LPAs have met or exceeded their London Plan target (with three marginally under). As we mention above, the GLA’s figures are provisional but are the most up-to-date in terms of completions at the geographical unit consistent with the London Plan’s Housing Targets (i.e. to include the two Development Corporations).

<sup>13</sup> Between 2019/20 to 2022/23, there is an undersupply of 60,000 homes. From 2023/24 to 2028/29, there is a requirement of 313k homes, totalling 373,800 homes, which will need to be delivered within the next six years.

<sup>14</sup> If this analysis is undertaken against London’s unmet need of 66,000 homes per annum, 84,900 homes per annum would need to be delivered to meet London’s assessed unmet need and shortfall since 2019.

<sup>15</sup> Source is the GLA residential completions dashboard, available at <https://data.london.gov.uk/dataset/residential-completions-dashboard>, which is based on provisional information.

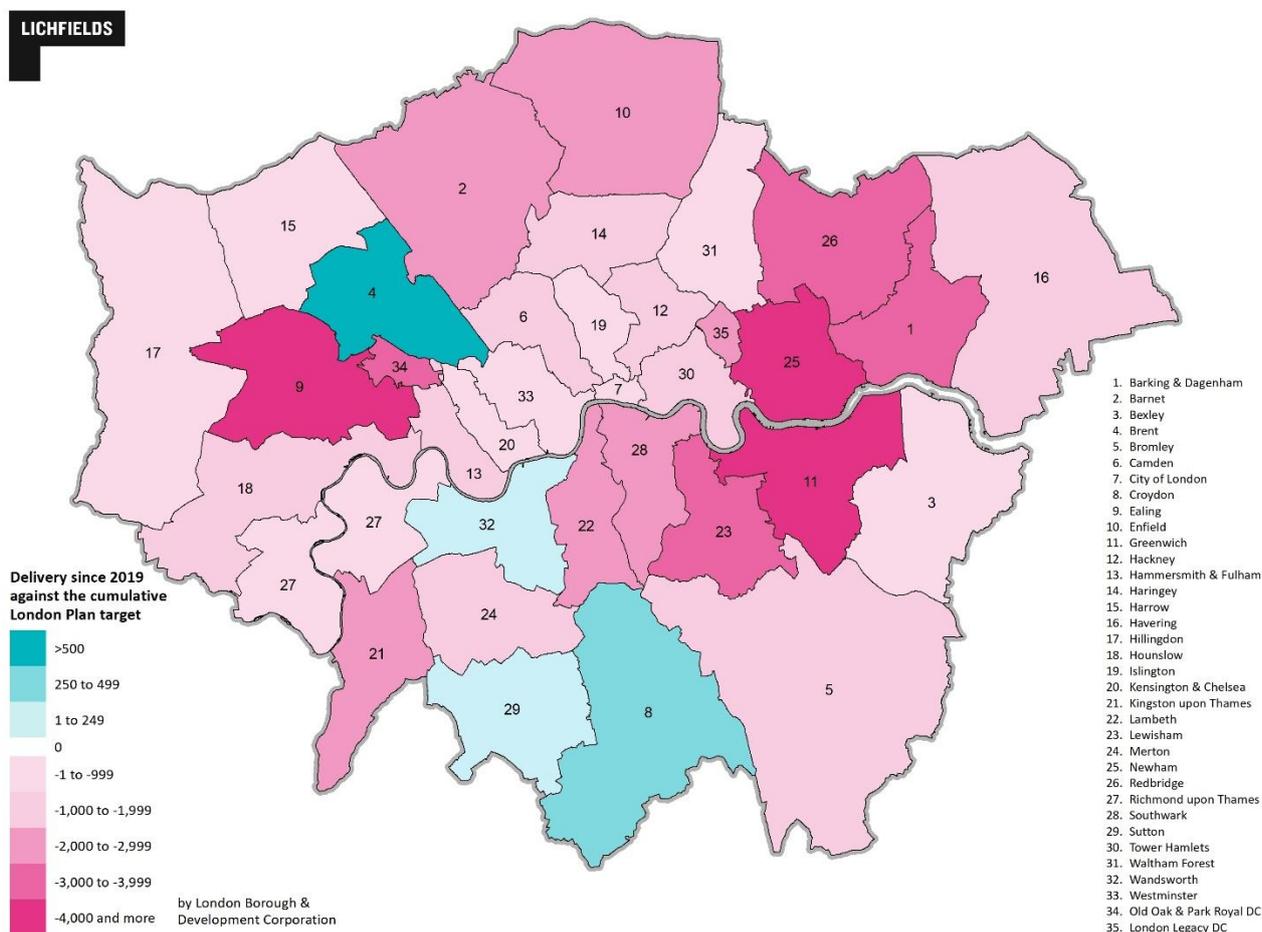
Figure 2.2 Under/over supply of housing completions in comparison to the cumulative housing target by London Planning Authority for 2019/20 to 2022/23.



Source: GLA Residential completions dashboard (accessed 12 January 2024). Lichfields analysis.

2.19 In Figure 2.3 we map the GLA Residential Completions Dashboard record of housing delivery against the cumulative ten-year targets. These show there an element of east-west split but, in broad terms, undersupply against targets sits within both inner and outer London boroughs.

Figure 2.3 Housing Delivery against London Plan Housing Targets.



Source: GLA. Lichfields analysis.

2.20 The GLA Group Housing Delivery report observed an increase in homes completed in 2019/20 but a dip in supply in early 2020, citing the GLA’s Housing in London report<sup>16</sup> which attributed this to, *inter alia*, planning and construction delays, labour shortage and unprecedented increases in material costs. The 2023 Housing in London report also cited the recent energy price crunch; this is presumably because it has impacted on viability.

### Affordable housing starts and completions

2.21 Within this downward trend, London has seen a welcome increase in affordable housing completions; but this is not at a level sufficient to meet affordable housing need<sup>17</sup>.

2.22 Data published by the GLA demonstrates that there has been an increase in the number of affordable housing starts and completions since 2016, with starts in particular increasing to

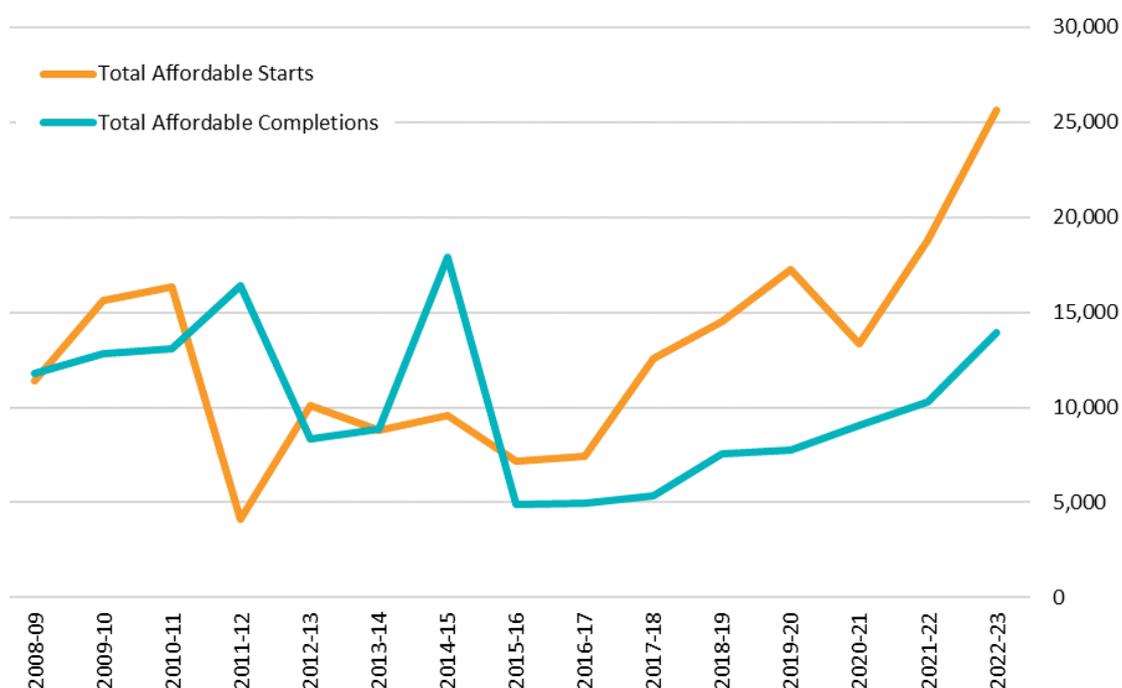
<sup>16</sup> Housing in London 2023, GLA, available at [london.gov.uk/sites/default/files/2023-10/Housing in London 2023.pdf](https://london.gov.uk/sites/default/files/2023-10/Housing%20in%20London%202023.pdf)

<sup>17</sup> Paragraph 4.4.1 of the London Plan references the need for c.43,500 affordable homes per year, as established in the 2017 Strategic Housing Market Assessment. The KPIs in the London Plan and the AMR framework to be used going forward, only require a “positive trend in percentage of planning approvals for housing that are affordable housing (based on a rolling average)”. However, the latest AMR17 states that KPI5 was not met, with affordable housing completions remaining below 17,000 per year – this remains the case based on subsequent completions figures.

25,000 in 2022/23. This is identified in Figure 2.4 below. However, while starts are necessarily a relevant component of achieving delivery targets, as a single metric they are not a robust indicator of delivery within the ten-year period.

2.23 As Figure 2.4 below demonstrates, the number of affordable completions in London does not mirror the same increase that has been experienced in starts. A lag between starts and completions is an inevitable factor of construction timescales, however there is a stronger correlation between these two milestones in the period of 2008 to 2017, before the two diverge and the trending rate of completions reduces. This indicates either a stalling or longer delivery period for the identified housing starts over multi-phase regeneration projects, and demonstrates that affordable housing starts alone are not a reliable indicator of London’s ability to meet its ten-year housing targets. We explore the affordable housing pipeline further later in this section.

Figure 2.4 : Affordable housing starts and completions in London.



Source: GLA Affordable Housing Starts and Completions (<https://www.london.gov.uk/programmes-strategies/housing-and-land/increasing-housing-supply/affordable-housing-statistics>). Note: GLA data does not specify if these figures account for demolitions and other losses of affordable homes as part of regeneration projects; equivalent statistical releases at a national level do not take account of losses through demolitions or sales.

## The Forward Pipeline

2.24 The GLA’s Housing in London 2023 report<sup>18</sup> looks at planning pipeline data published by the HBF, drawing on Glenigan data<sup>19</sup>. We look at this data in our analysis in the next section considering the relationship of the London Plan to housing delivery, but note that the GLA reported that although permission was granted for 58,300 new homes in London in the year

<sup>18</sup> ibid

<sup>19</sup> Glenigan is a trusted provider of construction project data and market analysis in the UK and is used by the government bodies including DLUHC and the Office for National Statistics.

to June 2023<sup>20</sup>, the number of separate projects has been falling (with around 2,000+ projects between 2013-2020 and then falling to 1,480 in 2022/23). This shows a high (and increasing) proportion of newly approved homes are on large schemes, and the number of smaller projects is falling away. The report finds:

*“The average project size has more than doubled from 17 homes per project in 2013 to 39 in the most recent 12 months. Evidence suggests that when proposed new homes are concentrated in a smaller number of larger projects the rate at which they are built is likely to fall.”<sup>21</sup>*

- 2.25 Research by Lichfields in 2020<sup>22</sup> looked at the Annual Monitoring Reports and five-year housing land supply position statements published by London boroughs. It found that although Boroughs identified a prospective pipeline of sites they anticipated would deliver, sufficient to meet the (then new) London Plan target, the monitoring data was not comprehensive, and not all Boroughs tracked their five-year housing land supply or published “clear evidence” on site deliverability as has been required by the NPPF since 2018. There was also evidence of optimism bias in comparing delivery of homes against Boroughs’ past estimates. This points to the general challenge that not all identified capacity necessarily translates to implementable permissions.
- 2.26 The GLA residential pipeline dashboard<sup>23</sup> identifies the number of residential units that are live at the end of the financial year, meaning that they have been granted permission and have not been completed or lapsed. This data has not been subject of a quality review by the GLA, but currently identifies a net pipeline of 276,000 homes. When compared against the annual need in London of 66,000 homes per year, this would equate to c.4.2 years of supply, and while it would meet c.5.3 years of supply against the annual London Plan target, this is an insufficient pipeline to meet the London Plan targets through to 2029 given the accumulated backlog / undersupply in the period to date.
- 2.27 Accounting for the undersupply from 2019-2023 and the target through to 2029, 373,800 homes need to be delivered (62,300 per annum) and this will require a significant additional buffer of planning permissions to accommodate undelivered or delayed schemes<sup>24</sup>. While there are a number of permissions that do lapse and are not re-planned, it is more likely this is because of problems with the site, for example: land ownership, viability problems (perhaps due to previously unknown site constraints), a developer not being able to secure finance or meet the terms of an option, supply chain or labour problems, or there not being sufficient demand for a specific housing product<sup>25</sup>. Self-evidently, many of these issues are

<sup>20</sup> Housing in London 2023, GLA, available at <https://www.london.gov.uk/sites/default/files/2023-10/Housing%20in%20London%202023.pdf>. Note: this figure as reported may include amendments to consented schemes or schemes involving the loss of existing homes, and therefore may not represent an accurate net additional position.

<sup>21</sup> This point reflects the findings of the Letwin Review which drew upon Molior analysis and found that median annual build out rates for sites of 500+ and 1000+ unit size was 5.4 and 3.2% respectively. The Letwin Review draft analysis is at: [https://assets.publishing.service.gov.uk/media/5b2d1ab2ed915d58821b3dbc/Build\\_Out\\_Review\\_Draft\\_Analysis.pdf](https://assets.publishing.service.gov.uk/media/5b2d1ab2ed915d58821b3dbc/Build_Out_Review_Draft_Analysis.pdf).

<sup>22</sup> Mind the Gap 2020, Lichfields, available at: [https://lichfields.uk/media/6231/mind-the-gap-is-land-supply-on-track-to-meet-london-s-new-housing-targets\\_lichfields-insight.pdf](https://lichfields.uk/media/6231/mind-the-gap-is-land-supply-on-track-to-meet-london-s-new-housing-targets_lichfields-insight.pdf).

<sup>23</sup> <https://data.london.gov.uk/dataset/residential-pipeline-dashboard> accessed on 12 January 2024.

<sup>24</sup> Research by Quod and Molior from 2019 (available at <https://barneystringer.files.wordpress.com/2019/12/pipeline.png>) reviewed the status of planning permissions for around 175,000 homes. It found some 10% were being re-planned to improve design (and in many cases to increase the number of homes). Around 12% were schemes that had not started, but where there was an existing active use on the land (with business and jobs). Less than 7% were on schemes not started and where progress was unknown.

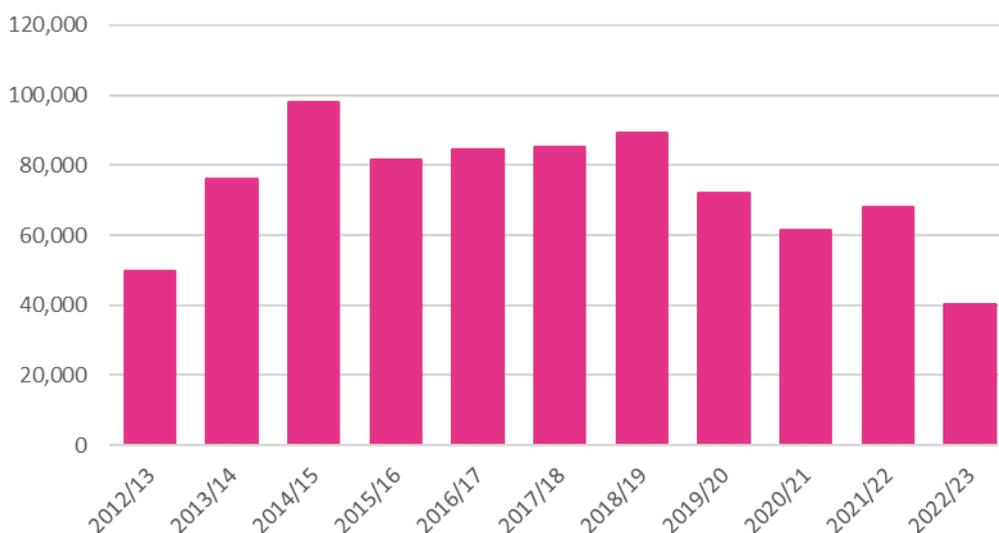
<sup>25</sup> Use it or lose it: the taxing problem of undelivered homes. Lichfields, May 2021 <https://lichfields.uk/blog/2021/may/26/use-it-or-lose-it-the-taxing-problem-of-undelivered-homes>

more likely to occur on more complex, brownfield sites, and capital-intensive projects (such as tall buildings) where sales revenue/income is only achieved after the full cost of a development project has been incurred, thereby being particularly vulnerable to cost/market risks<sup>26</sup>. These factors are an inevitable feature of residential development.

2.28 We recognise that future planning permissions will be granted to augment those already in the GLA residential pipeline, but equally the delivery trajectory of some major planning applications in the GLA’s dashboard appears to assume rapid build-out assumptions which are not shared by boroughs. For example, Barking Riverside, a major scheme for c.12,800 homes, is included in the GLA pipeline as delivering almost 9,900 homes by 2024/25<sup>27</sup>, however the housing trajectory published by Barking and Dagenham (Be First)<sup>28</sup>, only anticipates c.3,700 homes will be delivered by this stage, with the balance being delivered through to 2036/37 (beyond the London Plan monitoring target period).

2.29 Significantly, the GLA Planning residential approvals dashboard<sup>29</sup> illustrates that there has been a reduction in the number of self-contained and non-self-contained homes being approved, reducing from over 89,000 in 2018/19 to 68,000 in 2021/22 and now down to 40,200 in 2022/23 (see Figure 2.5). We were told the precipitous drop in 2022/23 can be attributed to issues related to awaited guidance on second staircases, but even bearing this in mind there has been a fall in the years since 2018/19. This level of reduction will hinder the capacity to meet London’s need, as it will reduce the overall pipeline that can be built-out in future years, recognising the reality that not all permissions are implemented and/or that they are built out on a phased basis.

Figure 2.5 : Self-contained (C3/C4) and non-self-contained homes by year of approval.



Source: GLA residential approvals dashboard. <https://data.london.gov.uk/dataset/residential-approvals-dashboard>

<sup>26</sup> As opposed to a conventional housing development where homes are built and sold at a pace and capital is recycled over the course of the development.

<sup>27</sup> <https://data.london.gov.uk/dataset/residential-pipeline-dashboard> ref. 16/00131/OUT

<sup>28</sup> EX32 – Housing Trajectory (dated 25/04/2024) (available at: <https://yourcall.befirst.london/examination-library>)

<sup>29</sup> Residential approvals dashboard – London Datastore: <https://data.london.gov.uk/dataset/residential-approvals-dashboard>

2.30 Meeting the ten-year London Plan target requires sufficient implementable<sup>30</sup> planning permissions to be in place in advance of this target deadline, so that time is allowed for the homes to be constructed and delivered. While the lead time for the delivery of a residential scheme will vary by the size of the scheme, its site characteristics and the type of permission granted, it is reasonable to assume a circa three-year lead in time before new home completions arise, accounting for the discharge of planning conditions, procurement processes, site preparation and construction<sup>31</sup>. On the basis of this assumption, the necessary planning permissions will need to be granted by 2026/27 to move the dial on achieving London Plan targets and, given rates of build out on larger multi-building schemes, not all homes with permission can realistically expect to be built out within the ten-year target period. For every year that the current 52,300 per annum target is not met, the backlog grows and the residual annual target increases in order for the total ten-year target to be met.

2.31 A further factor to consider on the pipeline of planning permissions is the extent to which homes approved are net additional homes as opposed to replacement of dwellings that are to be demolished over the course of an often-multi-year programme of regeneration. Research by Lichfields in 2021 found 200 major estate regeneration projects in the pipeline set to deliver over 90,000 new homes, but 36,000 are replacements of existing properties<sup>32</sup>.

### Who builds houses in London?

2.32 Figure 2.6 provides a regional analysis for the scale of house builders across England between 2017/18 and 2019/20. This analysis, prepared by DLUHC, uses Glenigan data and the categorisation of housebuilders based on the number of completions recorded in Housing Market Intelligence Reports.

Figure 2.6 : Proportion of units on sites of 10 or more units started by builder size and region (2017/18 to 2019/20).



Source: DLUHC analysis of Glenigan data and Housing Market Intelligence Reports

2.33 It is clear from this analysis that London relies on a significant proportion of homes delivered through small housebuilders – accounting for more than 60% of new homes, in comparison

<sup>30</sup> In order for the homes to be delivered, they need to be implementable, i.e. viable, deliverable, benefit from detailed planning approval (including reserved matter and relevant discharge of condition approval) and free from other impediments such as achieving vacant possession or land assembly matters.

<sup>31</sup> Tracking Progress Report (September 2021) Lichfields available at: <https://www.lpdf.co.uk/wx-uploads/files/newsletters/Tracking%20Progress%20-%20Insight%20-%20Sept%202021.pdf>

<sup>32</sup> Great Estates: Planning for Estate Regeneration in London, (September 2021), Lichfields available at: [https://lichfields.uk/media/6574/great-estates\\_planning-for-estate-regeneration-in-london.pdf](https://lichfields.uk/media/6574/great-estates_planning-for-estate-regeneration-in-london.pdf)

to a typical range of 25-35% for other regions. Small and medium sized enterprise (SME) housebuilders account for more than 75% of homes in London over this period.

2.34 This high proportion of small housebuilders reflects the typical nature of development sites in London; being usually brownfield and complex redevelopment sites that are less suited to volume housebuilders. However, this also indicates that the ability to achieve the London Plan targets is more heavily impacted by factors that affect the SME housebuilding sector.

2.35 Analysis of the SME housebuilding sector<sup>33</sup> notes that there has been a reduction in their delivery of new homes across England, from 39% in 1988 to just 10% in 2020, and that they face continued challenges in recruiting skilled labour. It is estimated through Savills' research<sup>34</sup>, that the number of SME housebuilders has approximately halved since 2007, with impacts including the limited availability of development finance that has restricted their capacity to scale up.

2.36 Previous Lichfields research<sup>35</sup> found that the planning system can be disproportionately complex and cumbersome for small sites, inadvertently causing delays in the determination of applications and inhibiting development viability. These effects – including increasing costs and other market factors – disproportionately impact SME housebuilders, who are less able to mitigate these risks across a portfolio that is smaller than volume housebuilders. In turn, given the proportion of SME builders within London, this has a more significant impact on housing delivery and the capacity to meet the London Plan target.

### **Affordable housing pipeline**

2.37 The GLA does not publish a detailed breakdown of the schemes which contributed to its identified affordable housing starts (to which we referred above and charted in Figure 2.4); however its residential pipeline dashboard<sup>36</sup> does provide details of scheme commencements which can be used as a proxy. We have looked at a number of individual schemes and this information further demonstrates the difficulty in relying simply on 'starts' as an indicator of the prospects for housing delivery to hit ten-year targets in the London Plan, given the long lead time for the delivery of such projects in their entirety, with a number of schemes being broken into phases and building out over multi-year programmes extending well beyond the London Plan's ten-year target period.

### **The implications of housing under-delivery**

2.38 It is evident that housing delivery in London is considerably short of the London Plan target and overall rates of planning permissions and housebuilding are seemingly on a downward trend. The under-delivery of housing has significant effects on the availability of homes for those wanting to live and work in London and these have been well-rehearsed elsewhere.

2.39 A lack of supply within the housing market makes access to the housing ladder more challenging, with average house prices in London remaining the most expensive in the UK<sup>37</sup>

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<sup>33</sup> Future of small and medium-sized housebuilders – House of Commons Library, available at: <https://researchbriefings.files.parliament.uk/documents/CDP-2023-0100/CDP-2023-0100.pdf>

<sup>34</sup> Size of the SME Market – Residential Research Report for LDS, Savills, available at <https://ldsyoursite.com/news/savills-sme-housebuilders-report-demonstrates-huge-potential/>

<sup>35</sup> Small Sites, Unlocking Housing Delivery, Lichfields (September 2020), available at: [https://lichfields.uk/media/6180/small-sites-unlocking-housing-delivery\\_sep-2020.pdf](https://lichfields.uk/media/6180/small-sites-unlocking-housing-delivery_sep-2020.pdf).

<sup>36</sup> Residential pipeline dashboard - London Datastore: <https://data.london.gov.uk/dataset/residential-pipeline-dashboard>

<sup>37</sup> An average of £537,000 in September 2023.

and being over 12.5 times average earnings last year. A result of this is that London has the lowest level of overall home ownership of any English region, and the highest proportions of households renting in both the private and social sector<sup>38</sup>. These market forces mean that those renting struggle in the face of rising rents<sup>39</sup>, increasing the number who face homelessness or poor-quality accommodation because of a lack of alternative options.

- 2.40 This crisis in housing supply has obvious economic consequences for the capital. If those on low to moderate (and in many cases high) incomes move outside the capital, organisations in the public and private sector find it hard to recruit impacting on public service delivery and undermining the agglomeration economics that have supported London’s global success, across a whole range of sectors, including its cultural offer and ultimately its desirability as a place to live.
- 2.41 A lack of supply of housing, in particular affordable housing, also has significant social consequences. Almost one in 50 Londoners is now homeless (living in Temporary Accommodation), including one in 23 children. London’s homeless population is equivalent to a city the size of Oxford<sup>40</sup>. This rising homelessness is placing additional strain on London borough finances, who are estimated to spend £60 million per month on temporary accommodation<sup>41</sup>.
- 2.42 The latest snapshot for rough sleeping in England<sup>42</sup> found London to have the largest increase in the number of people estimated to be sleeping rough on a single night, rising from 640 in 2021 to 858 in 2022 – an increase of 218 people or 34%. Data from the Government’s End Rough Sleeping Framework<sup>43</sup> found London to have 854 new people sleeping rough over the month in September – up 36% on the same period last year. More than 2,000 people were estimated to be sleeping rough over the month of September 2023 – up 27% since the same period last year.

<sup>38</sup> This analysis is set out in the Secretary of State’s letter to the Mayor of London (18 December 2023), available at [https://assets.publishing.service.gov.uk/media/65816753fc07f300128d4429/18122023\\_SoS\\_DLUHC\\_to\\_Mayor\\_of\\_London\\_-\\_housebuilding\\_in\\_London.pdf](https://assets.publishing.service.gov.uk/media/65816753fc07f300128d4429/18122023_SoS_DLUHC_to_Mayor_of_London_-_housebuilding_in_London.pdf)

<sup>39</sup> GLA Housing in London 2023 report. In the year to Q2 2023, private rents in London grew by 13.7%, compared to 9.3% across Britain as a whole.

<sup>40</sup> London Councils – One in 50 Londoners are now homeless and living in temporary accommodation, August 2023, Amy Leppänen, available <https://www.londoncouncils.gov.uk/node/40768#:~:text=accommodation%2C%20August%202023-,One%20in%2050%20Londoners%20are%20now%20homeless,in%20temporary%20accommodation%2C%20August%202023&text=Our%20latest%20research%20shows%20that,and%20living%20in%20temporary%20accommodation>. It is estimated there are almost 170,000 homeless Londoners, including over 83,000 children.

<sup>41</sup> Ibid.

<sup>42</sup> DLUHC – Rough sleeping snapshot in England: Autumn 2022, published 28 February 2023, available <https://www.gov.uk/government/statistics/rough-sleeping-snapshot-in-england-autumn-2022/rough-sleeping-snapshot-in-england-autumn-2022>

<sup>43</sup> DLUHC – End Rough Sleeping Data Framework, September 2023, available at <https://www.gov.uk/government/publications/ending-rough-sleeping-data-framework-september-2023>

## Summary

- The London Plan's ten-year housing targets for 2019/20 - 2028/29 are around 52,300 annually. These targets are less than the 66,000 homes that were assessed as being needed by the London SHMA, which in turn is less than the Standard Method figure for London which is 98,822 homes per annum.
- The targets of the London Plan were based on a capacity-constrained figure derived from the Mayor's 2017 SHLAA which identified a mix of large and small site capacity.
- The London Plan strategy combined these capacity targets with a 'Good Growth' vision and objectives that were, at the time of the Plan's examination, described as aspirational and realistic, but dependent on a significant increase in public and private sector funding. It follows that if those aspirational assumptions did not arise, this might impact on implementation of the London Plan's strategy.
- Four years into the plan period, net housing additions in London are averaging consistently less than 38,000 and has cumulatively fallen short by around 60,000 homes, with only four Boroughs seeing supply at or in excess of their ten-year target. There has been an increase in affordable housing delivery to date, but the overall rate of housebuilding is on a downward trend.
- Housing delivery in London has been much more dependent on SME housebuilders than other regions of England, given many London development projects are brownfield and more complex redevelopment sites that are less suited to volume housebuilders. SME builders face specific challenges – for example around finance and recruiting labour, and less ability to mitigate risks across a portfolio of sites – and are thus disproportionately impacted by delays or uncertainties in planning.
- The number of housing projects receiving planning permission each year is falling, and those projects with permission are getting larger. Larger projects build out over a longer period of time, so more homes with permission will be needed to translate into an annual flow of homes necessary to meet annual targets.
- The GLA's dashboard of planning approvals shows a fall in the number of homes receiving planning permission since 2018/19, and there is not a sufficient pipeline of permissioned new homes to realistically meet annual targets to 2028/29 and address the 60,000 backlog. Right now, there is currently a residual target of more than 62,300 net additional homes per annum to 2028/29, and this number will increase for every year that housing under-delivery continues, as currently seems likely.
- Time is of the essence to address this growing backlog. Lead-in times mean that new homes would realistically need permission no later than 2026/27 to make a meaningful contribution to meeting London's ten-year targets and the number required must take into account realistic rates of build out.
- The consequences of housing under-delivery have significant economic, societal and personal impacts on those who face no alternative option but homelessness (living in temporary accommodation), or who are forced into poor-quality rental accommodation.

## 3.0 **The London Plan's Impact on Housing Supply**

3.1 This section considers the relationship of the London Plan to housing supply within the capital, including:

- The findings of the review work undertaken by DLUHC;
- Whether London planning authorities have Local Plans in place which enable the implementation of the strategy adopted in the London Plan;
- The extent to which Brownfield Land Registers are used as an intervention by London boroughs to identify appropriate brownfield sites;
- The manner in which the London Plan housing delivery targets are monitored; and
- Other key planning indicators to consider the performance of London following the adoption of the London Plan.

3.2 From our review of the work undertaken by DLUHC and the feedback it has received from a range of key stakeholders, it is axiomatic that the factors influencing the delivery of housing within London are complex, inter-related and overlapping in nature. It would be wrong to say that it is only the London Plan that drives the rate of housebuilding in London; however, our Terms of Reference and the scope of this review are specific to improvements which could be made to London Plan to facilitate the delivery of new homes on brownfield sites and that is the focus of our attention.

### **The DLUHC Review of London's Housing Delivery**

3.3 DLUHC officials conducted a series of thematic roundtable discussions with stakeholders as well as a number of bilateral engagements focusing on areas including: overall housing delivery, the use of industrial land, small sites and Opportunity Areas, design and density, and estate regeneration. The Secretary of State also undertook engagement with a number of stakeholders himself as part of the information gathering process, and his usual engagement. Over the course of DLUHC's stakeholder engagement, a wide range of issues were discussed including many relating to the London Plan.

3.4 In this regard, whilst some stakeholders supported the London Plan, many housing developers expressed concerns about confusion arising from the inconsistent application of guidance and the potentially contradictory nature of regulations and guidance issued from different organisations. Building Regulations and policies in the London Plan, as well as guidance contained in the London Plan Guidance on Housing Design Standards, including those relating to dual aspect, building density and height restrictions were cited as such examples. This issue may be amplified by the different levels of planning policy in London, from national policy, the London Plan, local plans and neighbourhood plans, as these can often be misaligned.

3.5 Many London boroughs and developers also pointed to issues arising from the pressure to meet the London Plan's ambitious affordable housing target of 35%, and even more so on Public Land, where the target is 50%, leaving them with unviable projects, particularly on smaller sites.

- 3.6 Overall, the stakeholders consulted were often of the view that the London Plan was, in some ways, acting as a hindrance to London’s housing delivery due to the excessive complexity and policy overload, which in turn undermines the viability of development projects.
- 3.7 As a result of this feedback, the Secretary of State appointed the expert advisers to look in detail at the London Plan and whether there were specific changes that could facilitate urban brownfield regeneration in London.

### The Role of Local Plans

- 3.8 The London Plan is the upper-tier part of a two-tier development plan system that operates in London. Therefore, implementation of the London Plan’s housing strategy to a significant degree relies on London LPAs (mainly Boroughs) preparing local plans that set local policies and identify specific site allocations consistent with the London Plan. Unfortunately, as we approach halfway through the London Plan’s ten-year housing targets, the pace of Local Plan preparation has not been sufficient to put in place a comprehensive set of local strategies to implement them (see Table 3.1). Just under a third of Boroughs have adopted Local Plans that implement the London Plan strategy. Of the 52,300 per annum housing targets, there are currently adopted Local Plans based on the current London Plan in place for just 16,540 of that total. This lack of timely local policy must have a consequence for implementation of the London Plan’s spatial strategy and achievement of its targets.

Table 3.1 : Analysis of local plan status for London boroughs.

Local Plan pre-dates London Plan and does not reflect its strategy	Emerging Local Plan is at an advanced stage (Reg.19) and reflects London Plan strategy	Adopted Local Plan implements London Plan strategy
Bromley Camden Ealing Enfield Greenwich Hammersmith & Fulham Haringey Harrow Hillingdon Hounslow Kingston Newham Redbridge Sutton Tower Hamlets ( <i>although the previous housing number exceeds the London Plan target</i> )	Barking and Dagenham Barnet City of London Croydon Kensington and Chelsea Lewisham Merton Richmond Waltham Forest	Bexley Brent Hackney Havering Islington Lambeth LLDC OPDC Southwark Wandsworth Westminster

Source: GLA Local Plan Progress <https://data.london.gov.uk/dataset/local-plan-progress-map> and LPA websites.

- 3.9 The result is a mismatch between the London Plan housing targets, and the policies that London boroughs operate to deliver the homes needed through site allocations and appropriate spatial strategies.

- 3.10 The Inspectors' Panel Report (PR47 – 52) considered the relationship between the London Plan and the Local and Neighbourhood Plans and, in noting the Mayor's approach, with benefits of allowing lower tier plans to focus on local priorities, nevertheless said that: *“there is the danger that the approach taken removes the discretion for boroughs and neighbourhood forums to develop policies to suit their own preferences and local circumstances.... We would encourage the Mayor to consider setting out a more concise spatial development strategy, focussed on strategic outcomes rather than detailed means of implementation, when the Plan is next replaced.”*

## **Brownfield Land Registers**

- 3.11 All local authorities are required to publish a Brownfield Land Register<sup>44</sup>. In London, this requirement is particularly pertinent due to the strategy taken in preparing the London Plan to not review Metropolitan Open Land/Green Belt suitable for release, and a recognition in the SHLAA that achieving the necessary step-change in housing delivery would require more proactive planning by local authorities to identify and allocate sites for housing using proactive planning tools, including through the use of brownfield registers<sup>45</sup>.
- 3.12 The Brownfield Land Register published on the GLA Datastore<sup>46</sup> presents an incomplete picture of brownfield land within London. The last updates to the Register were made in 2020 by the London Borough of Havering and all other entries pre-date 2020.
- 3.13 Within this GLA dataset, only 11 authorities provide an indication of the lower and upper ranges for potential net dwellings. From these 11 authorities, the range is a total of 72,600 to 85,000 new homes. The remaining authorities identify sites without providing an estimate of the number of new homes that could be provided. These range from just 1 site in the City of London to 346 in Southwark (the highest).
- 3.14 While Policy H1 'Increasing housing supply' requires Boroughs to proactively use brownfield registers and permission in principle to increase planning certainty for those wishing to build new homes, it is evidently being implemented unevenly across London.

## **Monitoring**

- 3.15 Section 346 of the Greater London Authority (GLA) Act 1999 places a duty on the Mayor to monitor implementation of his London Plan and collect data about issues relevant to its preparation, review, alteration, replacement or implementation, as well as monitoring the local development documents of each London borough. These are important requirements to ensure the London Plan operates as a robust spatial development strategy and that its policies are both proactive and effective.
- 3.16 The GLA Annual Monitoring Report (AMR) is identified in the London Plan (Policy M1 Monitoring) as the statutory document in the monitoring process against a set of Key Performance Indicators (KPIs) for keeping the London Plan under review and as evidence for plan preparation.

<sup>44</sup> Town and Country Planning (Brownfield Land Register) Regulations 2017.

<sup>45</sup> London Strategic Housing Land Availability Assessment 2017, paragraphs 9.4 and 9.23, available at [https://www.london.gov.uk/sites/default/files/2017\\_london\\_strategic\\_housing\\_land\\_availability\\_assessment.pdf](https://www.london.gov.uk/sites/default/files/2017_london_strategic_housing_land_availability_assessment.pdf) and addressed in Policy H1.C of the London Plan.

<sup>46</sup> [https://data.london.gov.uk/dataset/brownfield\\_register](https://data.london.gov.uk/dataset/brownfield_register)

- 3.17 The London Plan states that “*Performance against the KPIs will be reported in the statutory Annual Monitoring Report (AMR) to be published by the Mayor each Spring*” (Para. 12.1.2). However, as we indicated in section 2.0, this requirement does not appear to be being fulfilled. The latest London Plan Annual Monitoring Report (AMR 17) was published in November 2022, focusing on the year 2019/20 and utilising the six strategic objectives and the suite of 24 Key KPIs introduced in the London Plan published in July 2011<sup>47</sup>. AMR 19 will be the first to monitor the current London Plan, while AMR 18 has not yet been published. The significant delay in publishing these reports compromises the effectiveness of monitoring the implementation of the London Plan and misses opportunities to take proactive actions to adjust it.
- 3.18 While it is recognised that the GLA publishes data on the Planning London Datahub (PLD)<sup>48</sup>, and the digitalisation of this is positive, the data contained in these dashboards is supplied by applicants and LPAs and is not quality assured by the GLA upon publication. As such, the GLA recognise that this may need to be amended as data quality reviews are completed and as specific analysis highlights deficiencies. This means that they are not wholly reliable indicators of housing supply, and as noted in section 2.0 of this report, there are inconsistencies between and within this data<sup>49</sup> and the national datasets published by DLUHC. Nevertheless, for reasons given, these GLA figures are currently the latest available estimates of housing delivery against London Plan ten-year targets for each London LPA.
- 3.19 By way of example, the completion figures on the dashboards in 2019/20 and 2020/21 include change in long term vacant properties within its totals (as per the FALP) and only excluded them from 2021/22, whereas for the purpose of considering the implementation of a London Plan period from 2019/20 onwards, these should be monitored in a consistent manner from the beginning of the plan period, not when the London Plan was formally published. Additionally, it is noted that completion figures for OPDC are only published from 2020/21.
- 3.20 It is imperative that the implementation and effectiveness of the London Plan policies is monitored in advance of the next Review, and that there is consistency and accurate data reporting for the remainder of the plan period through the use of data input guidance.

## Other Indicators

- 3.21 The evidence we have seen points to a range of causes for the under-delivery of housing within London, including factors unrelated to the London Plan, such as resources. However, in line with the scope of this review, we have considered whether stakeholder feedback that the London Plan is a contributory factor to this is borne out by analysis of some key planning indicators.
- 3.22 To provide context for macro-environmental factors (such as the COVID pandemic, cost inflation, and global crises), these indicators have been benchmarked against other areas, including the average across England, and – where the data is available - as a combination of the four next largest cities (Birmingham, Bristol, Liverpool and Manchester<sup>50</sup>) to account for

<sup>47</sup> Annual Monitoring Report 17 - 2019/20 (GLA, Nov 2022), <https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/monitoring-london-plan>

<sup>48</sup> <https://www.london.gov.uk/programmes-strategies/planning/digital-planning/planning-london-datahub>

<sup>49</sup> We highlight some of the internal inconsistencies in GLA data in Section 2.0 and Appendix 2.

<sup>50</sup> The four largest cities are identified using an approach identified in this blog: <https://lichfields.uk/blog/2021/january/11/your-official-top-20-the-new-standard-method-and-the-citiesurban-centres-uplift/>

factors that might be particularly related to development in larger urban contexts. They have been indexed for the purposes of comparing trends across these geographies.

3.23 Figure 3.1 overleaf shows benchmarked trends for net housing completions, EPC lodgements, and major dwelling applications for London and benchmark areas.

Figure 3.1 London’s performance compared to England and four major cities.



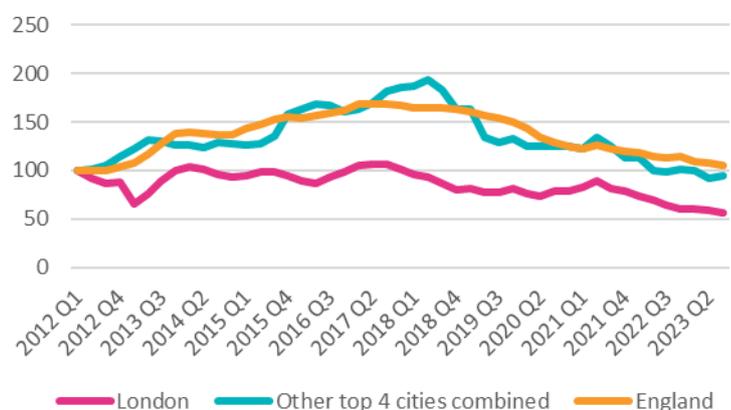
**A. Comparison of the number of net additional dwellings delivered proportionate to the estimated housing stock (2-year rolling average rebased to 2012/13) (DLUHC tables 122 and 125).**

Despite the introduction of the London Plan and increased housing targets during this period, this chart demonstrates a trend that the increase in net additional dwellings relative to existing stock has been more modest in London than England and significantly less than the growth experienced in the other four largest cities.



**B. Comparison of the number of EPC lodgements, as an annual rolling average rebased to 2012. (Table NB1 – New Domestic Properties by Local Authority by Energy Efficiency Rating).**

Energy Performance Certificates (EPCs) are an indicator of dwelling completions and show the relative change in the number of new homes completed. On a comparable basis from 2012, London has seen a smaller growth in completions than the rest of England and the other four cities. Given the increase in housing need and targets over this period, it is reflective of a worsening position for housing delivery in the capital.



**C. Comparison of the number of major dwelling applications, as an annual rolling average rebased to 2012. (DLUHC PS2 table).**

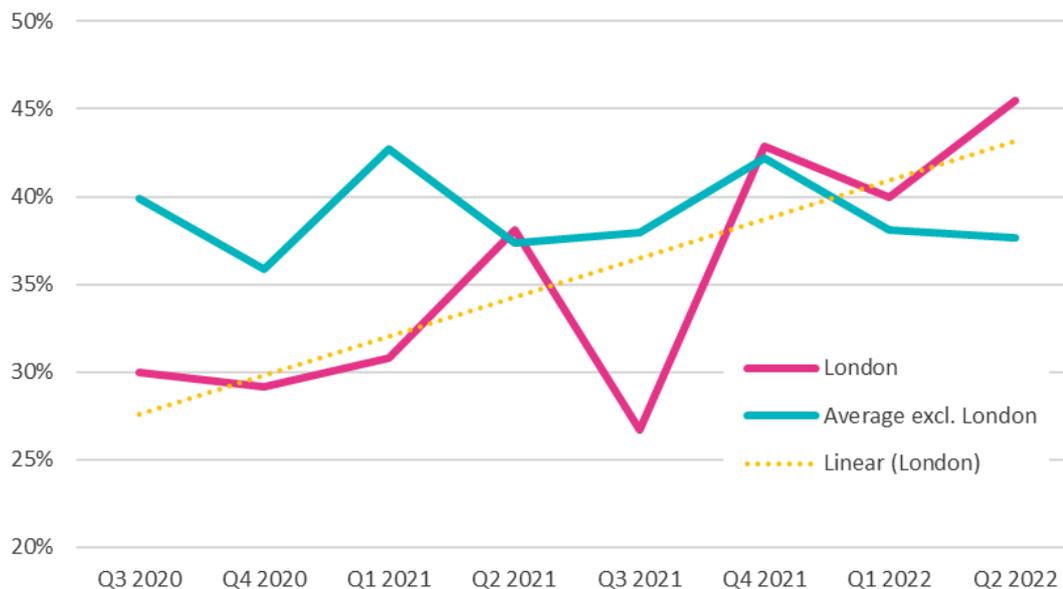
The number of major dwelling applications in London has experienced a downward trend since 2012. While there was a modest increase in the number of applications during 2021, this was reflected in a similar increase in the four major cities at the same time and has subsequently reduced more quickly than their average and the average in the rest of England.

Source: As identified. Lichfields analysis.

3.24 The quality of decisions made by a planning authority is a performance metric used by the Secretary of State. Figure 3.2 below illustrates the quality of decision making by the number of major decisions that are overturned at appeal. This dataset includes all developments, not

just residential. Whilst the average across England (excluding London) has remained relatively consistent, the proportion of overturned appeals within London has increased significantly, rising from 30 to 45% in two years (+50%).

Figure 3.2 : Average of major decisions overturned at appeal.



Source: DLUHC Table P152 – Quality of Major Decisions. Lichfields analysis. Note: Table P152 includes all major decisions, including those with non-residential uses.

3.25 Therefore, the indication is that, despite the London Plan being in place and sites in London being focused on brownfield land, it is now more likely for the decision to be overturned than prior to the London Plan. This also indicates a slower planning process in London, as the process of appealing a planning application and then its consideration by the Planning Inspectorate adds significant delays to the process of securing consent.

3.26 This trend is reflected in data collected from Glenigan relating to the average duration for the determination of residential applications in London<sup>51</sup>, in comparison to the average duration for the next four major cities. Figure 3.3 demonstrates a continual increase in the average length of determination, and that this increase is exceeding the average that has been experienced across the four major cities.

<sup>51</sup> This includes private and social housing, as defined by Glenigan, for sites over 10 units or exceeding £1m value.

Figure 3.3 : a rolling average of the length of time to determine planning applications with residential uses in London compared with an average of Birmingham, Bristol, Liverpool and Manchester.



Source: Glenigan Ltd, Lichfields analysis.

## Planning Appeals

- 3.27 As part of Lichfields’ research, 21 residential development related appeal decisions made after 2 March 2021, when the latest version of the London Plan came into effect, have been reviewed. This review was based on allowed appeals where 50 or more residential units formed part of the proposals. The majority (16) relate to appeals against refusals by the relevant London borough as LPA, in some cases against officer recommendation, with five appeals as a result of non-determination. In a small number of cases the original LPA decision pre-dated the current London Plan, although the ItP version had been issued and was a material consideration in these cases.
- 3.28 Based on the ‘main issues’ identified by the relevant inspectors, the matters arising in these cases can be summarised, and the relevant London Plan policies identified, as follows:

Table 3.2 : Summary of planning appeal decision analysis.

Main Issue	Number of References	Relevant London Plan Policy References
Character and appearance of area	12	GG1, GG2, D1, D3, D4
Heritage / Conservation	3	HC1
Transport / Highways / Parking	3	T1, T3, T5, T6, T6.1
Residential Amenity / Living Conditions	9	D13
Design	2	D1, D3, D4, D6, D8, D9
Affordable Housing	4	SD1, H4, H5, H6
Housing Mix	5	H4, H10
Planning Obligations	2	
Other	3	

Source: Planning Inspectorate Appeal Decisions, Lichfields analysis.

- 3.29 This high-level review indicated that London Plan policy is often referenced in the reasons for refusal, generally alongside related local or national planning policy. It is noteworthy that there is no clear correlation between the location of the appealed schemes and the local plan status of the relevant borough (as identified in Table 3.1 above). The common occurrence of relatively subjective and site-specific issues against which applications are being determined in applying London Plan policy is also noteworthy.

## Engagement with Other Stakeholders

- 3.30 Through the period of preparing this report, its authors held stakeholder roundtable sessions with bodies, including the GLA, London Councils (with representation from London boroughs), residential developers, and those in the housing sector, including the National Housing Federation.
- 3.31 The views expressed have been valuable to the authors of this report and reflect the themes and findings of the stakeholder engagement which was undertaken by DLUHC officials<sup>52</sup> and have informed our deliberations.

## Drawing the Strands Together: A Discussion

- 3.32 Our analysis in section 2.0 established that there have been significant levels of housing under-delivery in London, equivalent to 60,000 less than the Plan's ten-year targets. To address the backlog and hit targets for the rest of the ten-year target period, it would be necessary to see delivery of more than 62,300 per annum. But all the forward indicators (not least the GLA's own planning pipeline) say that this will not happen, and the trend is downward.
- 3.33 The evidence from the London SHLAA says that sufficient land exists - at least in theory - to hit these targets, but not all of it is deliverable and projects are not coming forward at a rate

<sup>52</sup> See paragraph 3.3.

or scale to meet them. Some large development proposals have emerged and are underway, but realistically they will build out over a period of time extending beyond the ten-year target period. These schemes must be complemented by other projects, including on small sites, that will build out in the short term.

- 3.34 Our review of evidence shows that London has not seen the scale of increase in overall housing delivery experienced in England and its other big cities. For example, from 2018/19 to 2021/22 (before some more recent housing market changes), the rate of net additional homes in the City of Manchester proportionate to stock outstripped that of London, rising from 0.96% to 1.61%, whereas in the capital it fell from 1.15% to 1.05%.
- 3.35 Some of these trends go back a decade, but whereas one might have expected the rate of housebuilding (and leading indicators of forward supply) in London to increase off the back of the London Plan's strategy (with its greater ambition on housing delivery), the trend has been heading in the other direction.
- 3.36 We have read and heard evidence that there a multiplicity of factors causing housing undersupply in the capital. These include the slow progress of Local Plans implementing the London Plan and the challenge of resources and levels of investment to bring forward developments in light of global economic challenges, which have naturally impacted on scheme viability. This problem is particularly acute for higher-density, capital-intensive projects on previously developed land, led by SME developers, which make up a much larger proportion of London-based housing developments.
- 3.37 The presence of these problems is not the fault of the London Plan. But it seems apparent that its combination of higher housing targets with multiple policies designed to achieve 'Good Growth' have not been sufficiently resilient to the changes in circumstances since it was formulated. Indeed, we described in section 2.0 that the London Plan was explicitly advanced on the basis of a set of public and private sector investment assumptions that were described as being "*ambitious but realistic*", and even this was an assessment based on viability assumptions that predated recent economic changes.
- 3.38 Faced with these headwinds, too few development projects can comply with the combined requirements of the multiplicity of policies in the London Plan. We also heard from the GLA that in their view there has been an excessively mechanistic approach to applying the policies of the Plan as imperatives rather than ambitions; to put it another way, many policies of the Plan are expressed as 'shoulds' but are being incorrectly applied as 'musts', thereby raising the bar for what is necessary for schemes to benefit from the statutory presumption in favour of the development plan. Applicants and local planning authorities are struggling to reconcile the multiple policy exhortations, and this is creating uncertainty and delay in the preparation, submission and determination of planning applications for residential development.
- 3.39 Missing from the London Plan is a policy mechanism to assist applicants and decision takers to chart a way through in a way that is aligned to boosting housing supply to the level the London Plan strategy intended.

## Summary

- Following the adoption of the London Plan in 2021 (and from the end of 2019, when the Intend to Publish version was issued<sup>53</sup>), it should be expected that a positive increase in delivery of housing would occur in the capital, driven by the London Plan's strategy and increased housing targets. However, this is not reflected in the range of indicators that this report has considered.
- Just under a third of Boroughs have adopted Local Plans that implement the London Plan strategy (equivalent to 16,540 homes of the total target).
- Brownfield land registers, as a proactive planning tool for the identification of housing sites, are being implemented unevenly across London both through the quality of their data, the regularity with which they are updated, and the coverage of sites across the London boroughs.
- The effectiveness of monitoring of the London Plan is compromised by the significant delay in publishing annual monitoring reports. While the use of digital dashboards is positive, because of inconsistencies in the data noted in section 2.0 of this report and a lack of quality assurance, they are not reliable indicators of housing supply.
- Through benchmarking across a series of planning indicators, it is evident that London is performing below its potential, with the delivery of net additional homes lagging proportionately behind England and the next four largest cities, and an increasing trend of overturned appeal decisions, which has increased from 30 to 45% in two years.
- Analysis of timescale data for the determination of planning applications also indicates that the planning process is slower in London, with the length of time to determine applications on average seven weeks longer than the next four largest cities.
- While these factors point to housing delivery constraints which are, at least in part, influenced by the planning framework within London, the review clearly identifies that this is an issue which is influenced by a range of complex, inter-related matters. The challenges for housebuilding in London are particularly impactful on supply because of the nature of the development projects and because the market is dominated by SME housebuilders.
- The basket of planning policy imperatives in the Plan– much of it expressed as 'shoulds' rather than 'musts' – is too often being applied mechanistically by LPAs, and making it difficult for schemes to show all policy goals are being achieved. What is missing from the London Plan is a policy mechanism to assist applicants and decision-makers in navigating a path that aligns with the intended goal of boosting housing supply to the level outlined in the London Plan strategy.

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<sup>53</sup> It is also recognised that some policies in the London Plan would have carried some weight in 2018, following the submission of the Plan for Examination.

## 4.0 Conclusions and Recommendations

- 4.1 It should be a fundamentally important task of the London Plan to facilitate the timely delivery of fit for purpose new homes on appropriate brownfield sites.
- 4.2 The London Plan runs from 2019 to 2041, however annual housing targets are set only for the first 10 years of the Plan<sup>54</sup>. The 10-year targets for net housing completions (2019/20 – 2028/29) for London’s 35 LPAs<sup>55</sup> are referred to in Policy H1 and are set out in Table 4.1 of the London Plan. They amount to a London-wide total of 522,870. The individual and cumulative targets are not based on an assessment of the number of new homes which are needed in London, which is almost certainly greater and most likely considerably greater than the targets. The London Plan itself refers to a need for 66,000 new homes each year for at least 20 years<sup>56</sup>. Instead, the London Plan targets are founded on an assessment of the capacity of sites to deliver new homes over the period in question at the rate of some 52,300 per annum<sup>57</sup>. In effect, this is an assessment of the capacity of brownfield sites, as the underpinning analysis set out in the 2017 SHLAA explains that in London 98% of housing is delivered on brownfield sites<sup>58</sup>.
- 4.3 In broad terms, it is reasonable to expect that by now (2023/24), the fifth of the 10 years referred to in the London Plan, very real progress should have been made in terms of actual delivery as against the targets in the Plan. Unfortunately, net housing completions are far from on track to meet these targets and unless there is a marked change for the better, by the end of the 10-year period London will fall well short of achieving the number of new homes it has the capacity to deliver on brownfield sites. If performance to date continues<sup>59</sup>, then come 2028/29 London would have seen the delivery of some 71% of its assessed capacity – equivalent to 2.9 years of under-supply – and only 57% of its unmet need<sup>60</sup>.
- 4.4 It is easy to diagnose that the problem is the result of a number of causes, not simply the policies in the London Plan.
- 4.5 However, this truism must not be allowed to distract attention from the task in hand which is to consider whether, to the extent that the policies in the London Plan are having the undesirable effect of inhibiting the timely delivery of new homes on appropriate brownfield sites, there is something which could be done by way of altering the Plan so that it better facilitates such delivery.
- 4.6 The London Plan weighs in at over 500 pages and contains 113 policies, all of which include several elements. The Plan contains literally hundreds of requirements, exhortations and aspirations and, depending on the circumstances of an individual application, a great many of these bear upon deciding whether to permit residential development on brownfield sites.

<sup>54</sup> London Plan 0.0.13

<sup>55</sup> 32 boroughs plus the City of London Corporation and 2 Mayoral Development Corporations.

<sup>56</sup> London Plan 1.4.3, 4.1.1

<sup>57</sup> London Plan 4.1.7, 4.1.8

<sup>58</sup> 2017 SHLAA 2.3

<sup>59</sup> Projecting forward the average delivery rate of 37,263 net additional homes between 2019-23 for the remainder of the ten-year plan period.

<sup>60</sup> Calculations combine delivery to date (based on GLA completions dashboard) and a forward projection of the average housing delivery to date (37,200) to calculate the actual shortfall against the London Plan ten-year targets and the projected shortfall. This is presented against the overall target for the ten-year period. The same exercise has been undertaken using the unmet need figure of 66,000 homes per annum.

A proposal to build new homes on what might be thought to be a relatively straightforward case of a brownfield site which is not in or affected by any form of special protection (e.g. heritage) will have to navigate and negotiate its way through elements of at least 45 policies.

4.7 It may well be said that even the most seemingly straightforward application for residential development on a brownfield site can give rise to a multiplicity of considerations, all of which warrant analysis and resolution. Also, the London Plan has been through the independent examination process which is required by statute and the reasoning which underpins its policies is set out extensively in the supporting text in the Plan.

4.8 However, there is persuasive evidence that the combined effect of the multiplicity of policies in the London Plan work to frustrate rather than facilitate the delivery of new homes on brownfield sites, not least in terms of creating very real challenges to viability. There is just so much to navigate and negotiate that it should come as no surprise that wending ones way through the application process is expensive and time-consuming.

4.9 Without a step change, it is highly unlikely that the housing targets of the London Plan will be met within its ten-year period and, as a consequence, the current housing crisis will continue, if not worsen.

4.10 The task of this short report is in essence to consider whether something can sensibly be done to improve matters, so as to move the dial in favour of facilitating the timely delivery of new homes on appropriate brownfield sites.

4.11 There appear, to the authors of this report, to be three main options.

- 1 **The first** of these is to leave things as they are and simply await the next review of the London Plan. While this would have the benefit of being able to take a comprehensive approach, the obvious disbenefit is that in the years it will take<sup>61</sup> to undertake and complete the process the likelihood is that London will continue to fall short of delivering the number of new homes it has the capacity to provide on brownfield sites. We have already identified that every year of under-provision increases the scale of residual target necessary to provide the total ten-year targets in the years remaining up to 2028/29. Given lead-in times for housing delivery, permissions will likely need to be in place by 2026 to have an impact on housing delivery in the short term.
- 2 **The second** option is to suggest alterations to the policy requirements which are most often cited by commentators as inhibiting the timely delivery of new homes on brownfield sites. The authors of this report do not consider it would be wise to do this, not least because of the complex and inter-linking and over-lapping nature of many of the issues, which warrant a good deal more analysis than a short report like this can do justice to. Also, whilst accepting the macro evidence on the combined impact of the London Plan on housing delivery, the authors are acutely aware of the need to distinguish between what is anecdotal and what is evidenced when it comes to re-framing existing policies in such a way as to unblock housing delivery.
- 3 **The third** option is to suggest the introduction of an overarching policy which would bring together all the relevant issues in any given case of an application for residential development on a brownfield site, and provide a lens through which to focus on how to

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<sup>61</sup> The current London Plan was issued in draft in December 2017 and published (colloquially “adopted”) in March 2021.

resolve what will often be a myriad of competing considerations pulling in all sorts of different directions.

- 4.12 The planning system is used to the concept of presumptions to perform exactly this sort of role of cutting to the chase. By way of example, since 2012 national planning policy has contained a presumption in favour of sustainable development which, in certain defined circumstances, applies what has become known as the “*tilted balance*”, which tilts the scales in favour of permitting residential development<sup>62</sup>. Another policy presumption, but in this case one that has been in place for several decades, is the presumption against inappropriate development in the Green Belt.
- 4.13 In similar vein, the interpretation of statutory provisions in case law has defined presumptions, most obviously the presumption in favour of the development plan, and the presumption against allowing harm to be caused to heritage, both of which also find expression in national planning policy.
- 4.14 The effectiveness of presumptions of this nature cannot be gainsaid. Put simply, they draw together the key issues and depending on the way the presumption is tilted indicate either that planning permission should be granted, or that it should be refused, unless there is a very good reason otherwise.
- 4.15 The authors of this report consider that the addition to the London Plan of a strong presumption in favour of residential development on brownfield sites would be an effective and worthwhile way of making it much more likely that the Plan will facilitate the delivery of the number of new homes which London has the capacity to provide on brownfield sites. The authors consider an appropriately worded presumption would facilitate the grant of planning permissions which are more likely to be viable and therefore to be built-out.

### **What might be the impact of a new policy presumption?**

- 4.16 It is not possible to accurately estimate the effect of a new policy presumption with any certainty because of the recognised wider market and other factors which also impact housing delivery. Therefore, the following considerations have been used as a proxy to assess the potential impact of the policy:

#### **The Framework presumption**

- 4.17 The proposed new policy presumption reflects an approach which is a well-established mechanism within the planning system. Most notably, a presumption is contained within the NPPF. This presumption in favour of sustainable development (an element of which is also known as the ‘tilted balance’) was introduced in March 2012.
- 4.18 Figure 4.1 illustrates the number of major residential planning applications that were determined and those granted since 2000. If the periods of significant financial uncertainty are excluded, an increase in the proportion of major residential planning applications being approved was experienced across England. From 2001 to the end of 2006, an average of 71% of applications were approved; from 2012 to 2020, this increased to an average of 81%. While the total number of applications has not exceeded the pre-2007 levels, there has been greater

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<sup>62</sup> Which itself echoes the “double presumption” in favour of development, and residential development where there was not a five year housing land supply, introduced by the then Secretary of State for the Environment, Nicholas Ridley, in the late 1980s.

consistency in positive decision making, which may in part be attributed to changes in national planning policy and the introduction of the presumption.

4.19 Figure 4.1 also shows analysis of the number of homes securing planning approval (flowing from the number of applications being approved, referred to above). It relies on Glenigan data which is not available for the comparable period prior to 2007, but it shows a marked increase in the number of homes being granted planning approval following the 2012 presumption.

4.20 This is also reflected in data for the number of net additional dwellings completed for periods excluding times of economic crisis (notably excluding the Great Financial Crisis). From the period of 2002 to 2007, an average net additional 186,800 homes were delivered. In the period following the introduction of the NPPF and allowing for its policy basis to be implemented and bed-in, from 2014 to 2019 an average of 214,000 net additional homes were delivered – an increase of 13 per cent<sup>63</sup>.

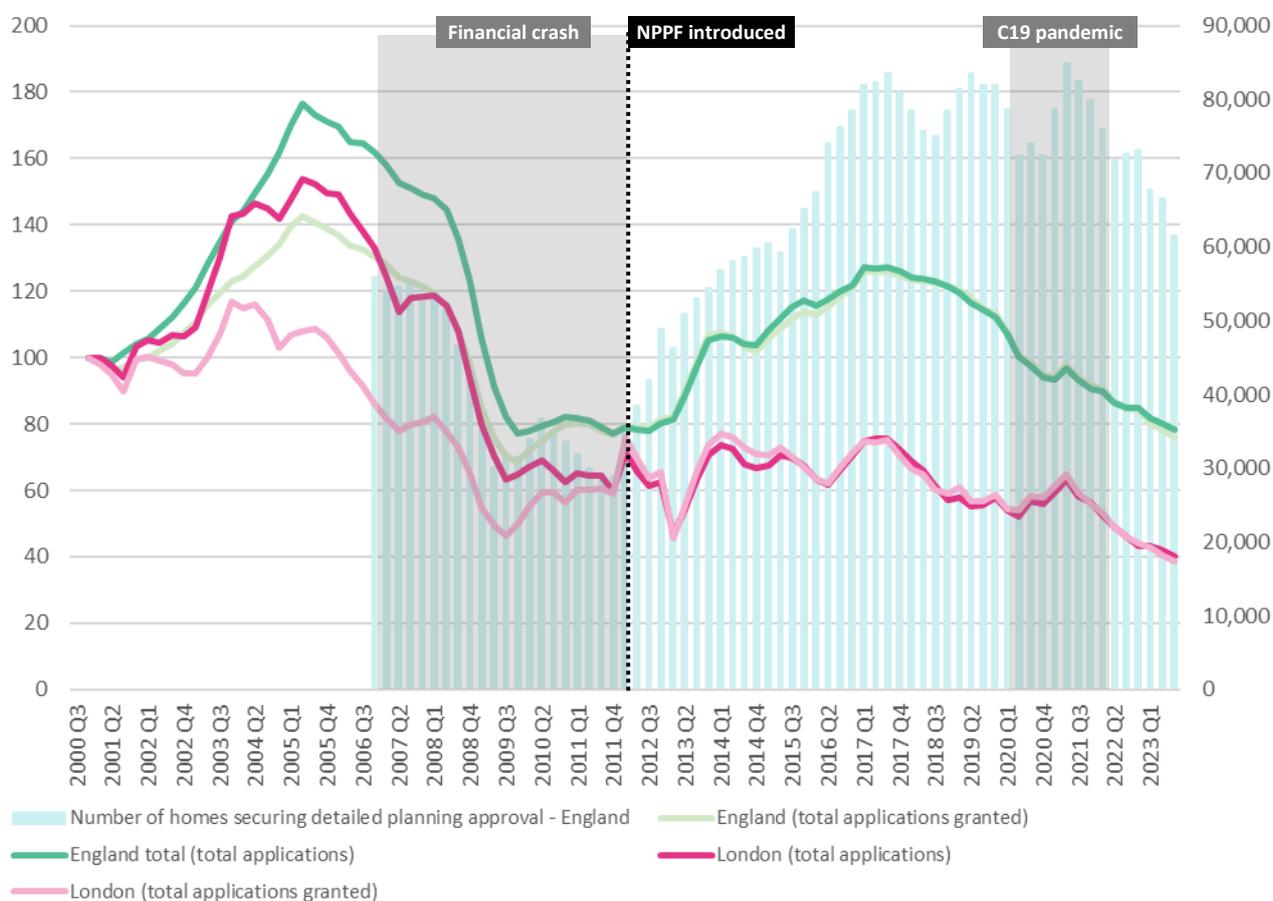
4.21 If a similar 13% increase in housing delivery was experienced in London, on the basis of average delivery from 2019, this would equate to an additional c.4,750 homes per annum<sup>64</sup>. This overall number would still remain below the London Plan target but would represent a material improvement on current performance.

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<sup>63</sup> DLUHC Live Table 122, Lichfields analysis.

<sup>64</sup> Calculated using data drawn from GLA completions dashboard (accessed 12 January 2024).

Figure 4.1 : Annual rolling average of the total number of planning applications and decisions made for major dwelling applications, and the number of homes securing detailed planning approval in England.



Source: DLUHC table PS2, Lichfields analysis. Number of housing units securing detailed planning approval – HBF Housing Pipeline Reports (using Glenigan data) (2010 Q3, 2014 Q3, 2020 Q3 and 2023 Q3).

4.22 As Figure 2.5 (page 12) demonstrates, since 2019 there has been a downward trend in the number of homes approved in London compared to the preceding five years. While it is acknowledged that numerous factors have impacted planning and development activity, this trend has become more significant in 2022/23 and will have long-term implications on housing delivery if this is not reversed. Between 2014 and 2019, an average of 87,700 homes per year were approved in London; between 2019 and 2023, this fell to an average of 60,500<sup>65</sup>.

4.23 A return to pre-London Plan levels of approvals will be required to increase housing delivery and a return to rates of net additional homes previously achieved. Using an indicative ratio of the cumulative number of homes approved between 2014 and 2019 and those completed between 2015 and 2020<sup>66</sup>, an average of 2.3 approved homes were granted for each net completion<sup>67</sup>. If the number of homes approved returned to this rate, and a similar assumption for the ratio of approvals to net completions was made, this could result in an additional c.11,500 homes per annum being delivered.

<sup>65</sup> GLA residential approvals dashboard for self-contained and non-self-contained supply (accessed 12 January 2024).

<sup>66</sup> A notional 'lag' of a year between the approval of the planning application and the net added completion, together with a calculation over a five-year period, has been used as the available datasets do not link approval and completions data.

<sup>67</sup> GLA residential approvals dashboard for self-contained supply, measured against net additional dwellings (DLUHC table 122).

4.24 Figure 3.3 of this report used Glenigan data to illustrate the average length of time taken to determine major residential applications. Averaged over 2023, these decisions took seven weeks longer than those in the next four largest cities. If the proposed presumption enabled the acceleration of such decisions to a rate commensurate with the next four largest cities, it could increase capacity for the delivery of homes by almost 11%<sup>68</sup>, equivalent to around 4,000 net additional homes each year.

4.25 Conceptually, speedier determination of residential planning applications, with a potentially greater prospect of approval, would have a compound benefit in the delivery of net additional homes in London. Whilst it is not appropriate to derive an arithmetic estimate from these figures simply on a cumulative basis, it should still be taken into account when considering the potential impact of a presumption.

### **Other benefits**

4.26 In addition, there are other benefits which could be accrued from the introduction of a presumption. The approach, by providing guidance to decision-makers in the balancing exercise to be undertaken, could potentially reduce the number of appeals lodged, and in particular the number of local decisions which are overturned, bringing the increasing prevalence of this occurrence in London down to a rate closer to the rest of England (see Figure 3.2). The requirement of the presumption to grant planning permission as quickly as possible, combined with fewer delays resulting from planning appeals should accelerate decision-making.

4.27 Where it applies, a presumption should give developers greater certainty about development proposals and therefore increase their confidence to deliver appropriate sites, through a recognition that substantial weight would be given to the benefits of delivering housing on brownfield sites. This increased confidence, reduced risk of planning appeals, and potentially accelerated decision-making, could also result in a reduction in transaction costs and professional (e.g. consultant) costs which would otherwise be associated with a longer planning process.

4.28 While estimating the effect of a proposed policy intervention is necessarily speculative, the above analysis indicates that such an approach should have a material and worthwhile effect on housing delivery.

### **Presumption in favour of residential development on brownfield land**

4.29 After a great deal of deliberation on exactly how to formulate such a presumption, the authors have settled upon the wording which is set out below and which we recommend should be taken forward. We set out our recommendation in five parts:

- 1 The proposed presumption is set out in full;
- 2 The proposed presumption is broken down into its constituent elements, with an explanation of each element in turn;

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<sup>68</sup> This is representative of a reducing the average time taken to determine a major residential application in London in 2023 (65 weeks) to a level of the four major cities (58 weeks), a difference of 10.8%.

- 3 We look at the question of whether the presumption should be specific to local planning authorities based on local housing delivery or applied across all of London;
- 4 We set out our approach to exclusions in terms of land to which the presumption would not apply and whether Strategic Industrial Locations should be excluded; and
- 5 Finally, suggestions are made as to which of the existing policies in the London Plan could host the proposed presumption.

### The Presumption

For qualifying local planning authorities, there is a strong presumption in favour of granting planning permission for proposals which comprise or include residential development on Brownfield (Previously developed) land.

Qualifying local planning authorities are those where the net housing completions since 2019/20 have fallen below the cumulative annualised total of their Table 4.1 ten-year target.

The presumption does not apply to sites which are in the Green Belt or Metropolitan Open Land or a Strategic Industrial Location.

In the case of proposals which would cause harm to the significance of a designated heritage asset, the presumption only applies where any such harm is clearly outweighed by the public benefits of the proposals.

Where it applies, the presumption means granting planning permission as quickly as possible unless the benefits of doing so would be significantly and demonstrably outweighed by any adverse impacts which would arise from not according with policies in this plan.

In applying the presumption substantial weight is to be given to the benefits of delivering homes.

### Elements of the presumption

4.30 We explain each element of the proposed presumption in turn in Table 4.1.

Table 4.1 : Explanation of proposed presumption

Presumption wording	Explanatory text
<p><b>[1] For qualifying local planning authorities, there is a strong presumption in favour of granting planning permission for proposals which comprise or include residential development on Brownfield (Previously developed) land.</b></p>	<ul style="list-style-type: none"> <li>• “qualifying local planning authorities” are defined below.</li> <li>• “a strong presumption in favour” is the key principle of the presumption.</li> <li>• “comprise or include residential development” captures entirely residential schemes as well as mixed use proposals which include an element of residential.</li> <li>• “Brownfield (Previously developed) land” are capitalised as both are defined in the Glossary in the London Plan. The Glossary defines “Brownfield land” by cross-referring to its definition of “Previously developed land”. It is important to note that the London Plan’s definition of PDL (just as the definition in the NPPF) excludes “parks, recreation grounds and allotments”.</li> </ul>

Presumption wording	Explanatory text
<p><b>[2] Qualifying local planning authorities are those where the net housing completions since 2019/20 have fallen below the cumulative annualised total of their Table 4.1 ten-year target.</b></p>	<ul style="list-style-type: none"> <li>• This defines the authorities to which the presumption applies, namely those where net completions over the number of years since 2019/20 (the first year of the ten years referred to in Table 4.1 of the London Plan) are below the cumulative annualised total of the authority’s ten-year target in the Table.</li> <li>• To take a worked example, the first authority in Table 4.1 is Barking &amp; Dagenham, its 10 year housing target is 19,440 which divided by 10 = 1,944 per annum. There have been four whole years of the ten so far (19/20, 20/21, 21/22, 22/23) so to date the cumulative annualised total is 1,944 x 4 = 7,776 net completions. If this number has been achieved or exceeded, the presumption would not apply; if it hasn’t been, then the presumption would apply.</li> <li>• This approach is considered to incentivise authorities to meet their individual targets. As the London Plan itself sets targets for only the first 10 years, the presumption would have effect from the time of its incorporation into the London Plan until the last year it could be applied, which would be 2029/30 as the 10<sup>th</sup> year is 2028/29. The review of the London Plan would be the appropriate place to consider the future role of any such presumption.</li> <li>• The policy does not specify the source of the data. If the authority in question has an up-to-date AMR or the GLA does then these would be suitable, failing which up to date HDT results should be used. If none of these are available, then it would be open to the applicant to put forward their own assessment for consideration. However, it would be hugely beneficial were the AMR required by Policy M1 of the London Plan to be published in a timely manner each year.</li> <li>• The policy uses the targets in the London Plan itself i.e. the presumption does not rely upon 5 year housing land assessments applying the Government’s standard methodology. This means that the presumption is not affected by recent changes to the NPPF nor by the 35% uplift for certain cities and urban centres (including London) in the Government’s standard methodology.</li> </ul>
<p><b>[3] The presumption does not apply to sites which are in the Green Belt, or Metropolitan Open Land or a Strategic Industrial Location.</b></p>	<ul style="list-style-type: none"> <li>• This is self-explanatory. See the discussion later on in this report about whether SILs should or should not be excluded from the operation of the presumption.</li> </ul>
<p><b>[4] In the case of proposals which would cause harm to the significance of a designated heritage asset, the presumption only applies where any such harm is clearly outweighed by the public benefits of the proposals.</b></p>	<ul style="list-style-type: none"> <li>• This is a synthesis of statutory, case law and national policy requirements in cases involving heritage harm.</li> </ul>

Presumption wording	Explanatory text
<p><b>[5] Where it applies, the presumption means granting planning permission as quickly as possible unless the benefits of doing so would be significantly and demonstrably outweighed by any adverse impacts which would arise from not according with policies in this plan.</b></p>	<ul style="list-style-type: none"> <li>• <i>“the presumption means”</i>: i.e. this is where one finds the tilt in favour of residential development on brownfield sites.</li> <li>• <i>“as quickly as possible”</i>: the presumption seeks to facilitate speedier, favourable decision-making. It does this by providing a way to cut through the multitude of competing considerations which are likely to arise in any given case. The terminology is taken from paragraph 47 of the NPPF.</li> <li>• <i>“unless the benefits [...] would be significantly and demonstrably outweighed”</i>: this is the tilt itself, the terminology is taken from paragraph 11 d) ii. of the NPPF.</li> <li>• <i>“by any adverse impacts which would arise from not complying with policies in this plan”</i>: this is where the harmful consequences – if any, and whatever they might be – of any non-compliance with policies in the London Plan are placed in the weighing scales. There are two points to note here, namely (i) that this provides a way of drawing together any such non-compliances (it does not remove or change any of the other policies in the London Plan), and (ii) the presumption very deliberately requires the decision-maker to consider what, if any, actual harm would arise from any such non-compliance.</li> </ul>
<p><b>[6] In applying the presumption substantial weight is to be given to the benefits of delivering homes.</b></p>	<ul style="list-style-type: none"> <li>• This reinforces the presumption.</li> </ul>

### Qualifying Local Planning Authorities

4.31 The presumption as defined above applies to ‘qualifying LPAs’ based on housing delivery being below the cumulative annualised total of the authority’s ten-year target. An alternative approach would be to apply the presumption to all London LPAs. This, in the authors’ view, would not provide the incentive referred to in Table 4.1. However, it would have the clear advantage of removing any uncertainty for applicants and LPAs as to the robustness of available datasets. In the event the Secretary of State concludes that the presumption should apply across the whole of London, the first two paragraphs of the presumption would have to be adjusted as follows:

~~For qualifying local planning authorities, There is a strong presumption in favour of granting planning permission for proposals which comprise or include residential development on Brownfield (Previously developed) land.~~

~~Qualifying local planning authorities are those where the net housing completions since 2019/20 have fallen below the cumulative annualised total of their Table 4.1 ten-year target.~~

### Exclusions

4.32 The wording of the presumption suggested above explains that it does not apply to sites which are in the Green Belt, or Metropolitan Open Land or fall within Strategic Industrial Locations.

4.33 The authors of this report have been unable to agree unanimously on whether sites within **Strategic Industrial Locations** (SILs) should be excluded from the operation of the presumption. Policy E5 of the London Plan protects SILs. Further detail is found in Policy

E7. There are 55 SILs listed in Table 6.2 of the Plan. The Plan explains (6.5.1) that “**SILs are given strategic protection** because they are critical to the effective functioning of London’s economy” (the emphasis is in the original text) and that: “They can accommodate activities which ... can raise tensions with other land uses particularly residential development.”

4.34 The competing opinions on the issue can be summarised in this way:

- 1 Given the critical economic importance of SILs<sup>69</sup> a clear case can be made for their exclusion from the presumption, the case being reinforced by the potential amenity and agent of change considerations of introducing residential development into SILs; the contrary opinion being:
- 2 It would be wrong to exclude SILs from the presumption because any harm which would arise from proposed residential development within a SIL (e.g.in terms of the loss of a site which would or could otherwise contribute to what is described in the London Plan (6.5.1) as London’s “main reservoir of land for industrial, logistics and related uses” and / or any amenity/agent of change issues) would be considered through the application of the presumption. If any such harm significantly and demonstrably outweighed the benefits of providing new homes, then that would indicate permission should be refused.

4.35 In the event the Secretary of State considers that the presumption should apply to sites within SILs it would be straightforward to adjust the wording of the relevant element of the policy so as to read:

The presumption does not apply to sites which are in the Green Belt or Metropolitan Open Land. ~~or a Strategic Industrial Location.~~

### Introducing the new presumption

4.36 The presumption could either be stated as a new policy in its own right or could be added to one of the following existing policies in the London Plan: GG2 Making the best use of land; GG4 Delivering the homes Londoners need; or Policy H1 Increasing housing supply. Of these, Policy H1 would appear to be the most appropriate location for the presumption.

4.37 In overall conclusion, the authors of this report consider a presumption in favour of residential development on brownfield land would be an effective addition to **the London Plan** to facilitate the timely delivery of fit for purpose new homes on appropriate brownfield sites.

4.38 Given the Terms of Reference, this report considers the addition of the presumption to the London Plan as a specific alteration to it, and cross-refers to the Secretary of State’s powers of direction in this regard. However, an alternative (or meanwhile<sup>70</sup>) course the Secretary of

<sup>69</sup> There is a significant body of evidence in the GLA’s work on Industrial Land Supply issued in March 2023 - , <https://data.london.gov.uk/dataset/london-industrial-land-supply-study-2020> - which has two specific studies on SILs at Appendix B and C relating to economic function, character, role and intensification. The evidence shows releases of industrial land at a level greater than what was planned for the period and that industrial land is under pressure. There has been a significant reduction in industrial vacancy to 3.25%, below the 8% target that would be expected in order to provide supply and options for new tenants.

<sup>70</sup> “Meanwhile” in the sense that the WMS / PPG could hold the position until the process of altering the London Plan to include the presumption has been completed.

State might wish to consider issuing a **written ministerial statement** (“WMS”) and/or **an addition to the Planning Practice Guidance** (“PPG”) which sets out a presumption along similar lines to those recommended in this report, and indicates that London planning authorities and the Planning Inspectorate should take the presumption into account in determining planning applications/appeals. The advantage of this approach would be that it would be introduced in a considerably shorter timescale. The key disadvantage of this route would be that a WMS and/or addition to the PPG would not have the statutory weight of the development plan, and would simply be a material consideration.

# Appendix 1 Terms of Reference

## London Plan review – expert advisers

Published 22 December 2023<sup>71</sup>

### Project overview

In July 2023, as part of a long-term plan for housing, the Prime Minister and Secretary of State for Levelling Up, Housing and Communities committed to a new era of regeneration, inner-city densification and housing delivery across England, with transformational plans to supply beautiful, safe, decent homes in places with high-growth potential in partnership with local communities. They confirmed that this work would initially begin in Cambridge, London and Leeds.

As part of the work in London, we looked in detail at the London Plan and what the barriers were to urban brownfield regeneration. We engaged with the GLA, London boroughs, developers and consultants to further our understanding of the key barriers to unlocking housing delivery in London.

Housing delivery continues to underperform in London, with an average 37,000 net additional dwellings over the past 3 years which falls considerably short of the Mayor's London Plan target.

Further to the internal review, the Secretary of State has appointed expert advisers to offer views on whether there are specific changes to London Plan policies that could facilitate urban brownfield regeneration in London for housing delivery in an appropriate manner.

The expert advisers will be supported in this task by the external consultants Lichfields, and DLUHC officials.

### Scope

The advisers, and supporting Lichfields consultants, have been appointed for their expertise in order to provide an independent and impartial view of the changes needed to the London Plan.

The expert advisers will assess whether there are specific changes to London Plan policies that could facilitate urban brownfield regeneration in London for housing delivery in an appropriate manner and, if necessary, recommend changes to the London Plan accordingly.

The output of the review will be a short report, delivered by 15 January 2024, to the Secretary of State.

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<sup>71</sup> <https://www.gov.uk/government/publications/housebuilding-in-london-terms-of-reference-london-plan-review/terms-of-reference-london-plan-review-expert-advisers>

## **Objectives**

To consider and, if appropriate, make recommendations for specific changes to the London Plan. The Secretary of State will share the recommendations with the Mayor to consider their implementation.

To work with Lichfields consultants to ensure that there is an evidence base which supports the recommendations of the expert advisers.

To complete a report on how, specifically, the London Plan could be improved to facilitate the delivery of new homes on brownfield sites.

## **Project Outcome**

The report will be submitted to the Secretary of State and the conclusions of the review will be shared with the Mayor of London in advance of publication.

## Appendix 2 Housing Delivery Data

Table 1 : Comparison of housing delivery datasets.

Year	DLUHC Table 122	DLUHC Housing Delivery Test	GLA Datastore Residential completions dashboard		
	Net additions (including Census adjustments)	Number of homes delivered	Net conventional*	Non-self-contained*	Net conventional and non-self-contained combined*
2004-05	26,873		25,750	4,294	30,044
2005-06	28,852		26,569	-369	26,200
2006-07	30,927		27,553	1,913	29,466
2007-08	31,557		26,217	1,632	27,849
2008-09	32,290		29,481	2,718	32,199
2009-10	28,330		23,673	2,466	26,139
2010-11	21,820		18,748	1,513	20,261
2011-12	29,672		22,744	1,453	24,197
2012-13	25,845		24,103	2,838	26,941
2013-14	28,383		21,757	4,348	26,105
2014-15	31,649		27,691	3,992	31,683
2015-16	35,196	32,919	31,526	5,842	37,368
2016-17	44,366	41,414	39,835	4,395	44,230
2017-18	36,529	32,665	30,428	2,826	33,254
2018-19	41,424	38,651	35,486	2,756	38,242
2019-20	45,676	41,772	37,256	870	38,126
2020-21	38,829	35,380	31,122	4,367	35,489
2021-22	39,173	40,506	38,320	963	39,283
2022-23	35,305		33,214	2,938	36,152

Source: DLUHC Table 122; Housing Delivery Test results and \*GLA statistics sourced from completions dashboard (<https://data.london.gov.uk/dataset/residential-completions-dashboard>) (accessed 12 January 2024).

Note: The GLA publish a second dashboard which presents residential completions vs the London Plan 2021 target (<https://data.london.gov.uk/dataset/residential-completions-v-london-plan-2021-target>) – this dashboard does not provide a breakdown by London planning authority and therefore the completions dashboard has been used for consistency across the datasets. While there are discrepancies between these two dashboards in years 2019/20 and 2020/21, the figures used in this report are the higher of the two.





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